Appendices

Report to Council
Amended and Restated Plan
Sunnyvale Central Core Redevelopment Project Area

Appendix A

Sources and Definitions

Sources

Information presented in this Preliminary Report was compiled from the following sources:

- Staff Report accompanying a Draft Redevelopment Plan for the Sunnyvale Central Core Project (July 11, 1975).
- Redevelopment Plan for the Central Core, Sunnyvale, California (September 19, 1975).
- First Amended Repayment Contract by and between the Redevelopment Agency and the City of Sunnyvale (May 1, 1977).
- First Amendment to the Redevelopment Plan for the Central Core (December 23, 1986).
- Second Amendment to the Redevelopment Plan for the Central Core (September 1993).
- First Amended Housing Fund Deficit Reduction Plan (December 1994).
- Ordinance No. 2493-94 Adopting an Amendment to the Central Core Redevelopment Plan (December 1994).
- City of Sunnyvale Downtown Specific Plan Update – Market Review, Keyser Marston Associates, Inc. (October 2001).
- Downtown Improvement Program Update Environmental Impact Report, City of Sunnyvale (March 2003).
- Draft Environmental Impact Report for the Sunnyvale Downtown Improvement Program Update (March 2003).
- Addendum to the Program Environmental Impact Report for the Sunnyvale Downtown Improvement Program (June 17, 2003).
- City of Sunnyvale Approved Downtown Specific Plan (October 2003).
- Official Statement for Tax Allocation Refunding Bonds, Series 2003 (November 2003).
- City/Agency Staff Report regarding Adoption of 2003 Loan and Repayment Agreement (December 18, 2003).
- Loan and Repayment Agreement between the Redevelopment Agency of the City of Sunnyvale and the City of Sunnyvale (December 2003).
- Report on Fourth Plan Amendment, Sunnyvale Central Core Redevelopment Project Area (December 2003).
- Third Amended Disclosure Statement Describing Third Amended Chapter 11 Plan, United States Bankruptcy Court, Central District of California, San Fernando Valley District Case No. SV02-18650 AG (May 19, 2004).
- Third Amended Plan of Reorganization United States Bankruptcy Court, Central District of California, San Fernando Valley District Case No. SV02-18650 AG (May 19, 2004).
- City/Agency Staff Report regarding Housing Fund Deficit Plan (June 15, 2004).
- Housing Fund Deficit Reduction Plan (June 15, 2004).
- Basic Financial Statements and Independent Auditors' Reports for the year ended June 30, 2004, for the Redevelopment Agency of the City of Sunnyvale.

- City of Sunnyvale Report 2004-0576, Planning Commission, regarding Fourth Quarter Properties Special Development Permit (August 9, 2004).
- Planning Commission Report 2004-0576, City of Sunnyvale (August 9, 2004).
- City/Agency Staff Report regarding Disposition and Development and Owner Participation Agreement with Fourth Quarter Properties XLVIII, LLC (August 17, 2004).
- Summary Report Pursuant to Section 33433 of the California Health and Safety Code on the DDOPA (August 2004).
- Disposition and Development and Owner Participation Agreement by and between the Sunnyvale Redevelopment Agency and Fourth Quarter Properties XLVIII, LLC (December 2004).
- Implementation Plan for FY 2004/05 to FY 2008/09, Sunnyvale Central Core Redevelopment Project, Sunnyvale Redevelopment Agency (January 2005).
- Resolution Amending Disposition and Development and Owner Participation Agreement with Fourth Quarter Properties (February 15, 2005).
- City Council Staff Report regarding $1.5 Million Capital Project: Downtown Public Improvement (February 2005).
- Ordinance No. 2777-05 Approving and Adopting a Fifth Amendment to the Redevelopment Plan (March 2005).

City of Sunnyvale Staff Contacted

Mary Bradley, Department of Finance, Director
Peter Gonda, Department of Finance, Senior Management Analyst
Grace Kim, Department of Finance, Finance Manager
Brice McQueen, Redevelopment Agency, Redevelopment Manager
Robert Paternoster, Community Development Department, Director
Trudi Ryan, Department of Community Development, Planning Officer
Charlene Sun, Department of Finance, Finance Management Analyst

City of Sunnyvale Consultants Contacted

Marilyn Chu, Keyser Marston Associates, Manager
Lynn Hutchins, Goldfarb & Lipman, Attorney
Jerry Keyser, Keyser Marston Associates, Principal
Paul Rosenstiel, E.J. De La Rosa and Co. Inc.
Lee Rosenthal, Goldfarb & Lipman, Attorney
John Wagstaff, Wagstaff and Associates, Principal-in-Charge

Other Organizations and Persons Contacted

James Baron, former Receiver under Town Center Mall bankruptcy proceedings
Mu-hua Cheng, Santa Clara County Finance Agency Controller-Treasurer Department, Accountant III
Valerie Reichert, Sixth Street Studio, Graphic Designer
Jane Vaughan, Menlo Equities, Partner

Definitions

Affected Taxing Entity: Any local government agency or special district providing services within a redevelopment project area, and levying an ad valorem (property) tax on all or a portion of the assessed value of the project area, as defined in Section 33353.2 of the CRL.

Affordable Housing Cost: With respect to low-income households, those housing costs which do not exceed thirty percent (30 %) of the household's gross income.

Agency: The Sunnyvale Redevelopment Agency, a redevelopment agency established pursuant to Sections 33100-33115 of the CRL.

Amended Plan: The Sunnyvale Central Core Amended and Restated Redevelopment Plan as amended to date and incorporating the proposed amendments described in this report that:

A. Create an increased dollar limit on the amount of tax increment collected in the Agency's Project Area of $600 million.

B. Amend and restate the text of the existing Redevelopment Plans to conform to the City's General Plan and the Downtown Specific Plan, incorporate language reflecting the proposed increase in the limit on tax increment collection, and reflect current CRL requirements and redevelopment practice.

Base Year: The year of the last equalized assessment roll used in connection with the taxation of property within a project area prior to the effective date of the ordinance adopting the redevelopment plan.

Blight/Blighting Conditions: Adverse physical, social, or economic conditions in a community, as defined by Sections 33030, 33031, and 33032 of the CRL.

City: The City of Sunnyvale, a municipal corporation in the State of California.

City Council: The City Council of the City of Sunnyvale, also referred to as the City's "Legislative Body" as referred to under Community Redevelopment Law.

Consultant: Seifel Consulting Inc. and John B Dykstra & Associates.

CRL: The State's "Community Redevelopment Law," as set forth in the Health and Safety Code, Section 33000 et seq.

DDOPA: The Disposition and Development and Owner Participation Agreement by and between the Sunnyvale Redevelopment Agency and Fourth Quarter Properties XLVIII, LLC, approved December 2004.

Downtown Specific Plan: The Sunnyvale Approved Downtown Specific Plan 2003 prepared in compliance with the Sunnyvale General Plan and other City and State ordinances and regulations, applicable to lands lying generally within the Redevelopment Project Area.

Federal: Any agency or instrumentality of the United States.

General Plan: The Sunnyvale General Plan (as amended to date) applicable to lands lying within the Project Area, prepared pursuant to the State Government Code, Section 65300 et seq.

Legal Description: A description of the land within a redevelopment project area prepared in accordance with map specifications approved by the California State Board of Equalization.

Legislative Body: The City Council of the City of Sunnyvale.

Low- and Moderate-Income: Persons or families of low- or moderate-income, as defined in the State Health and Safety Code, Section 50093.

Occupant: The persons, families, or businesses holding possession of a building or part of a building (as an apartment or office).

Person: Any individual, or any public or private entity.

Plan: The Redevelopment Plan for the Project Area.

Plan Amendments: (See Amended Plans)

Planning Commission: The Planning Commission of the City of Sunnyvale.

Preliminary Report: The Preliminary Report on the Amended and Restated Plan for the Sunnyvale Central Core Redevelopment Plan, which is the first of two reports designed to provide the legislative body and all interested parties with the requisite analysis and documentation pursuant to Section 33344.5 of the CRL.

Project or Redevelopment Project: Any undertaking of a redevelopment agency pursuant to the CRL.

Project Area: The specific geographical area within which a redevelopment agency proposes to initiate or has established a redevelopment project pursuant to the CRL, as defined in Chapter I and illustrated in Figure I-1 of this report.

Report to Council: The Report to Council on the Amended and Restated Plan for the Sunnyvale Central Core Redevelopment Plan. Also known as the "report on the plan," "final report" is the report to the legislative body, containing the statutorily enumerated elements from Section 33352 of the CRL that must accompany a redevelopment plan adoption or amendment in preparation for the public hearing.

State: Any agency or instrumentality of the State of California.

Tax Increment: That portion of property tax revenues received from the property tax levy against all assessed value within a project area in excess of the assessed value of project area properties in the Base Year, as defined in Section 33670 of the CRL. Tax revenue allocated by the Agency towards inflation allocation payments to affected taxing entities is not considered tax increment revenue.

Appendix B

Photographic Documentation of Blighting Conditions

City of Sunnyvale

Central Core Redevelopment Project
Redevelopment Plan Amendment

PHOTOGRAPHIC DOCUMENTATION

June 2005

Prepared by
John B. Dykstra & Associates
for the
City of Sunnyvale

INTRODUCTION

This appendix provides photographs illustrating blighting physical and economic conditions within the area of the Central Core Redevelopment Project that has been designated as an "Area Still Needing Redevelopment Attention." The photographs presented in this document include photographs taken in October, 2003 and May, 2005 that reflect conditions still in effect today.

ORGANIZATION

For convenience, the photographs presented in this appendix are organized into four sections:

Section A: The Sunnyvale Town Center Shopping Mall
Section B: The Sunnyvale Town Center Parking Garage
Section C: The Former JCPenney Department Store
Section D: Other Areas with Adverse Physical and Economic Conditions

CONDITIONS DOCUMENTED IN THE PHOTOGRAPHS[1]

Adverse physical and economic conditions documented in photographs include:

- An Obsolete Shopping Mall. The Sunnyvale Town Center Mall is an obsolete interior mall. It was formerly anchored by three independent retail anchors. Today only Macy's and Target survive. At its peak of occupancy, the mall itself provided 117 separate rental spaces. Today the entire mall is vacant and economically blighted.

- An Unsafe Parking Structure. This large structure, the Town Center Parking Garage, has a number of serious physical deficiencies including deflected and cracked columns and cracked beams. Cracks in elevated concrete deck slabs have resulted in water intrusion and failure of steel reenforcing tendons. Because of potential safety hazards, public access to the entire upper floor and parts of the lower floor has been restricted. The entire structure is unsafe and physically blighted.

- A Large, Vacant Department Store. The former JCPenney department store is vacant and economically blighted.

- Other Aging and Deteriorated Commercial Uses. A number of other commercial structures in the area still needing redevelopment attention show evidence of obsolescence and deterioration. These buildings are located in the Town and Country Center and at various locations along El Camino Real. Both physical and economic blight is present in several of these structures.

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[1] For more detail on blighting physical and economic conditions, reference should be made to Section II, Existing Conditions.

Section A: The Sunnyvale Town Center Shopping Mall

Sunnyvale Town Center Mall. East parking lot entrance. Built in 1979, this physically and economically obsolete interior mall is now 100 percent vacant.

Sunnyvale Town Center Mall. West parking garage entrance. Visibility of the mall from busy Mathilda Avenue is partially obscured by the Town Center parking garage.

Macy's department store. One of two surviving anchors at Sunnyvale Town Center. The closing of the mall eliminated two-level shopper access between these anchors.

The Target department store. The second surviving anchor at Sunnyvale Town Center. The closing of the mall eliminated convenient access between the two anchors.

Interior, Sunnyvale Town Center Mall. Vacant. Escalator access to upper mall level. Access between the two shopping levels in the mall was very limited.

Interior, Sunnyvale Town Center Mall. Vacant. Main mall entrance to former anchor, JCPenney (now vacant).

Interior, obsolete Sunnyvale Town Center Mall. Vacant. Lower level shops, typical of many (all 117 retail and service spaces in the mall are now vacant).

Interior, Sunnyvale Town Center Mall. Vacant lower level shops, typical of many (all 117 retail and service spaces in the mall are now vacant).

Interior, Sunnyvale Town Center Mall, second level. Vacant "food court."

Second level, Sunnyvale Town Center Mall. Vacant "food court" shop.

Interior, Sunnyvale Town Center Mall. Vacant fast food restaurant, second level.

Interior, Sunnyvale Town Center Mall, second level. Vacant retail store.

Section B: The Sunnyvale Town Center Parking Garage

Sunnyvale Town Center parking structure, upper-level deck. Serious structural problems. Public banned from upper level and part of lower level. Unsafe.

North section, Sunnyvale Town Center garage. Serious structural problems led to closure of upper-level deck. Unsafe.

Sunnyvale Town Center parking structure (detail).
Serious deflection of columns supporting upper-level deck.

Sunnyvale Town Center Parking Structure (detail). Column deflection and separation from shear wall.

Sunnyvale Town Center parking structure (detail). Serious cracking in concrete beam end supporting upper-level deck. Parking structure unsafe.

Sunnyvale Town Center parking structure (detail). Serious cracking in re-enforced concrete shear wall (repaired).

Sunnyvale Town Center parking structure. Cracking in surface of upper-level deck. Typical of conditions that led to water intrusion and corrosion and failure of tendons.

Sunnyvale Town Center parking structure. Corroded and frayed tendons removed from reenforced concrete deck slab -- conditions that led to closing of upper-level deck.

Sunnyvale Town Center parking structure (detail, upper-level deck). Inspection holes cut into deck slab to assess deterioration of reenforcing bars and strengthening tendons.

Sunnyvale Town Center parking structure. Following failure of some tendons and subsequent inspections, the entire upper-level deck was closed for safety considerations.

Section C: The Former JCPenney Department Store

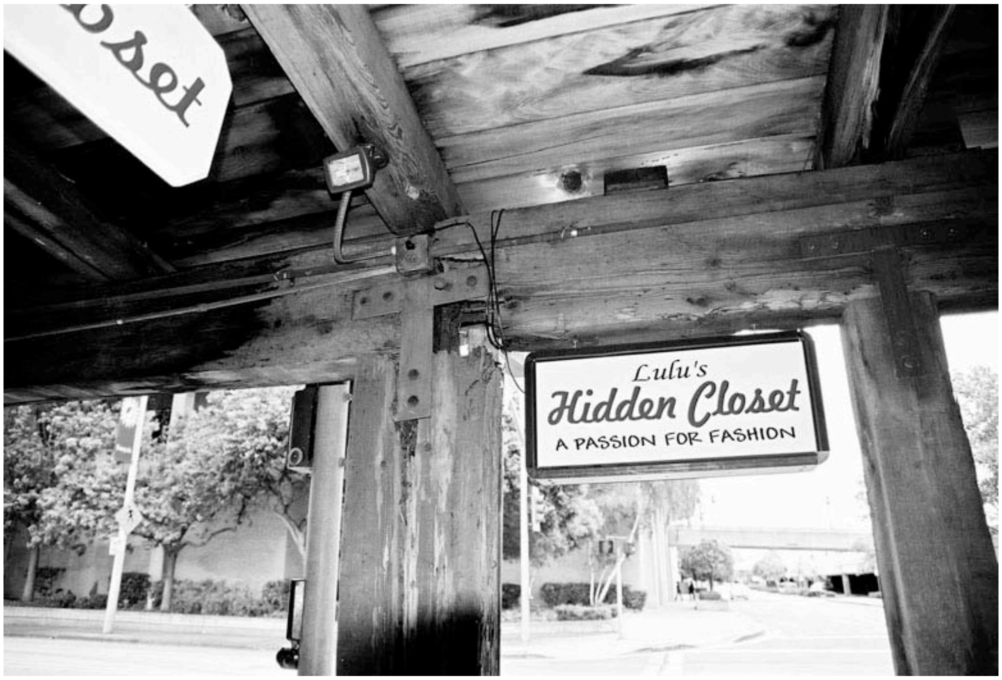
The JCPenney Department Store. The store was closed several years ago and has been vacant ever since. Efforts to find a new tenant have failed.

The vacant JCPenney Department Store. Since it was closed, incidents of vandalism have occurred. These have included broken windows which have been boarded-up.

Section D: Other Areas with Adverse Physical and Economic Conditions

Town and Country Shopping Center. An aging shopping center.
Sagging porch roof. Extensive deterioration. Evidence of deferred maintenance.

Town and Country Shopping Center. Displaced roof tiles provide evidence of recent roof repairs to correct leaks.



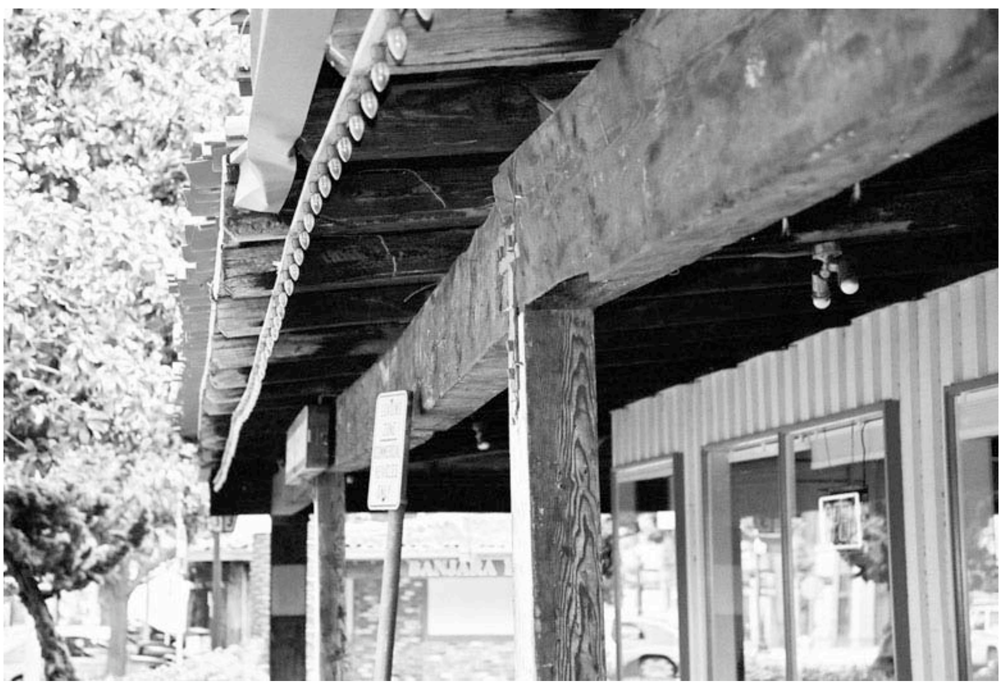
Town and Country Center (inside detail). Dry rot has caused a serious loss of wood at top of post and end of beam. As a result, the "T plate" is no longer connected.

Town and Country Center (outside detail). Dry rot has caused a serious loss of wood at top of post and end of beam. As a result, the "T plate" is no longer connected.

Town and Country Center (detail). Surface deterioration of beam supporting porch roof. Similar conditions observed elsewhere in center.

Town and Country Center (detail), Water staining under porch. Evidence of roof leakage. Similar conditions observed at other locations in center.

Town and Country Center (detail). Dry rot in rafter end supporting porch roof. Evidence of leakage and deferred maintenance. Typical of many rafter ends.



Town and Country Shopping Center (detail). Serious backward deflection (bend) of heavy beam supporting porch roof.

Town and Country Center. Broken curb and subsided gutter. Ponding.

Aging auto repair shop, one of two similar buildings on parcel,
205 Washington Avenue.

Aging and deteriorated commercial building. Sagging and damaged canopy. Corner of Washington Avenue and Carroll Street.

Commercial garage building. Corner South Murphy Avenue and El Camino Real.

Commercial structure. Wood frame with stucco facade. 251 El Camino Real.

Aging commercial building. Corner Taafee Street and El Camino Real.

Used car dealership. Deteriorated buildings. Corner Taafe Street and El Camino Real.

Appendix C

Supplemental Documentation of Blighting Conditions

JAMES H. BARON
RECEIVER

19830 Via Escuela Drive
Saratoga, California 95070

Telephone (408) 867-6100
Facsimile (909) 257-7324

October 16, 2003

JAMES H. BARON
Direct Dial: (408) 206-6050
E-mail: jbaron@receiversinc.com

Robert Paternoster
Director of Community Development
City of Sunnyvale
456 W. Olive Ave.
P.O. Box 3707
Sunnyvale, CA 94088-3707

Re: Sunnyvale Town Center Mall

Dear Bob:

As the City of Sunnyvale reviews the proposals for the redevelopment of the Sunnyvale Town Center Mall, perhaps it would be helpful if I took a few moments to summarize the history of the property and comment on the prospects for the future.

The Mall, while built in the 1970s, has a very distinct 1960s feel, both in the design and functionality. Even within the context of the acceptable style of the 1970s, the Mall had some intrinsic deficiencies from its inception. Most significantly, the construction of the aboveground parking areas on the Mathilda side of the property has always been a major impediment to attracting customers (and, therefore, good long-term tenants). Because the parking structure hides the Mall from the main thoroughfare, the property has always projected an appearance of being semi-closed. Even for local patrons who knew of the existence of the Mall stores, the parking structure and the monolithic entrance to the Mall create a somewhat forbidding, exclusionary, psychological barrier to the property. The continuing structural decay of the garage, which has forced the City to close the upper deck, has left a blighted appearance to the entire front of the project.

Over the years, as mall designs generally advanced toward an open-air design with stores integrated into a user-friendlier layout, the economic performance of the Mall and its prospects for the future began to dim. By the time I took over as receiver in July of 2002, the occupancy rate in the Mall was officially stated at 51%, but if the temporary occupancies of non-standard Mall tenants were removed, the true shopping center tenancies were really in the 38-40% range. It was quite clear to all concerned that the downward spiral would continue since the property did not have the ability to attract long-term, highly desirable retail store tenants. Given these trends, this property will continue to deteriorate. Unfortunately, it is my opinion that this continued deterioration will continue to negatively influence the entire downtown area.

The City, the secured lenders, the current owner, and the potential developer are all now trying to develop a new plan that will rehabilitate the entire property. A few cosmetic changes or even a major investment in an updating of the Mall building would be wholly insufficient at this time. The fact of the matter is that this is an obsolete property that needs to be demolished and rebuilt into a modern, customer-oriented facility that is an integral part of – not apart from – the City center of Sunnyvale.

It is my strongly held view that the future of the Mall depends on the ability to re-establish the street grid that originally saw McKinley Avenue run through the Town Center property and create a vital downtown that will be an asset (aesthetically, culturally and financially) to the people of Sunnyvale. The removal of the parking structures, demolition of the current mall and development of an open-air style mall, and the re-opening of McKinley Street would allow the property to once again become a vital part of downtown Sunnyvale rather than a satellite facility that is psychologically and physically set away from downtown.

As I see it, the goal of an integrated Town Center property is shared by all parties concerned – the citizens, the City of Sunnyvale staff, and every potential developer to whom I have spoken. I do not believe there is any significant disagreement about the current mall – it is an eyesore and it is functionally obsolete. Without re-establishing the original street grid, opening up McKinley Street, and integrating the Town Center Mall property into the natural flow of downtown Sunnyvale, this area will continue to decay.

I hope my comments are helpful to you. As always, I greatly appreciate the cooperation that you and the City of Sunnyvale have provided to me throughout my tenure as receiver.

Sincerely,

James H. Baron

James H. Baron
Receiver

KEYSER MARSTON ASSOCIATES INC.

GOLDEN GATEWAY COMMONS
55 PACIFIC AVENUE MALL
SAN FRANCISCO, CALIFORNIA 94111
PHONE: 415 / 398-3050
FAX : 415 / 397-5065
WWW.KEYSERMARSTON.COM

ADVISORS IN:

REAL ESTATE
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Timothy C. Kelly
Kate Earle Funk
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Robert J. Wetmore

LOS ANGELES
Calvin E. Hollis, II
Kathleen H. Head
James A. Rabe
Paul C. Anderson
Gregory D. Soo-Hoo

SAN DIEGO
Gerald M. Trimble
Paul C. Marra

November 25, 2003

Mr. Robert Paternoster
Director of Community Development
City of Sunnyvale
456 West Olive Avenue
P.O. Box 3707
Sunnyvale, CA 94088-3707

Re: Sunnyvale Town Center - Letter of Opinion Regarding Need for Tax Increment Assistance

Dear Bob:

This letter represents Keyser Marston Associates (KMA), Inc.'s letter of opinion regarding the need for tax increment assistance for the redevelopment of the Sunnyvale Town Center.

As we understand it, the City Council approved the City of Sunnyvale Downtown Specific Plan on October 14, 2003, which is an update pf the 1993 Downtown Specific Plan. The Council-approved Plan sets forth two main goals for the Downtown Commercial Core District: (1) to link the different blocks together into a cohesive downtown core and (2) to create a lively street life on all primary streets. Specifically, the Plan calls for, among other goals, the reconnection of the street grid in the Town Center area.

The current plan proposed by the Forum Group for the redevelopment of the Sunnyvale Town Center appears to achieve the various goals articulated in the City's Specific Plan for the Downtown. However, a preliminary analysis prepared by Keyser Marston indicates that the plan for the Town Center as proposed by Forum to implement the Downtown Specific Plan is financially unfeasible due to the additional cost burden of redeveloping an existing shopping center in a downtown relative to a suburban location, including the typically higher costs for structured parking and design quality for an in-town development. Therefore, it is our opinion that to implement the City Council's directives for its Downtown pursuant to the Downtown

Specific Plan, public financial assistance in the form of tax increment or equivalent, is warranted, whether carried out by Forum or another party.

In formulating this opinion, KMA relied on the most recent development plan provided by the Forum Group, the best project-specific data available at the time our preliminary financial analysis was prepared, and KMA's experiences and informed judgment for similar types of projects in suburban market areas.

Sincerely,

KEYSER MARSTON ASSOCIATES, INC.

A. Jerry Keyser

A. Jerry Keyser

MENLO EQUITIES

May 13, 2005

Brice McQueen
Economic Development, City of Sunnyvale
456 West Olive
Sunnyvale, CA 94088

Re: Sunnyvale Town Center Mall Redevelopment

Dear Brice:

Menlo Equities is the development manager engaged by the developer, Fourth Quarter Properties XLVIII, LLC, which has recently entered into a Disposition and Development and Owner Participation Agreement with the Sunnyvale Redevelopment Agency to redevelop the Town Center Mall. Menlo Equities has analyzed the economic feasibility of the proposed project and determined that it is feasible, but only with public financial assistance.

Sunnyvale Town Center Mall is currently closed except for Macy's and Target. This standard "enclosed" mall became economically unfeasible several years ago. Plans to remodel the Mall, over the years failed and the project fell under the control of the bankruptcy court because retailing has changed over the years and vibrant retailers are no longer attracted to secondary enclosed malls such as this one.

Enclosed malls have gone upscale (Stanford or Valley Fair/Santana Row) or have been replaced by power centers or more recently, open air "lifestyle" centers. Sunnyvale Town Center is too close to Stanford and Santana Row to support another upscale retail center. A power center in Downtown Sunnyvale would also not be appropriate, particularly since the City wants to recapture the feel of their old Downtown by expanding upon the Historic Murphy Street ambiance.

In the alternative, urban lifestyle centers typically have one-story of retailing versus an enclosed mall's two story layout. This decreases the volume of retail square footage possible in a lifestyle retail project. Rents from the retailers remain unchanged as they focus on demographic impacts to sales, not the cost of the developer's project. In addition, to be competitive and attractive, the project will require ample parking, underground or hidden from view, for the redeveloped Mall and neighboring Downtown merchants. The parking requirements add significantly to the overall cost. With all of these factors combined, the economic feasibility of urban lifestyle centers is unattractive to developers.

As noted in the attached San Jose Business Journal article, Federal Realty Investment Trust's return on Santana Row is a paltry 5%. Given the higher risk involved in these complex urban retail centers, developers want higher than average returns, not lower. Retail developers looking for 9%+ returns on standard "cookie cutter" grocery/drug developments want 12%+ on higher risk urban mixed use developments. The only way to bridge the gap is to lower the costs by providing public support.

490 South California Avenue, Fourth Floor • Palo Alto, CA 94306-1989 • Phone: (650) 326-9300 • Fax: (650) 326-9333
490 South California Avenue, Fourth Floor • Palo Alto, CA 94306-1989 • Phone: (650) 326-9300 • Fax: (650) 326-9333
www.menloequities.com

MENLO EQUITIES

The tax incentive financing provided for redevelopment of Sunnyvale Town Center is critical to the Mall being redeveloped. In fact, many developers who reviewed this redevelopment project during the bankruptcy process indicated that the amount of public financing is inadequate and the risk/return is not aligned sufficiently. Others, like Fourth Quarter Properties, felt that while the returns are low initially, in the longer term the outlook justified the current risk. However, Fourth Quarter Properties XL VIII LLC would not be proceeding with this project without the consideration the Agency has agreed to provide.

Cordially,

Jane Vaughan
Partner

490 South California Avenue, Fourth Floor • Palo Alto, CA 94306-1989 • Phone: (650) 326-9300 • Fax: (650) 326-9333
490 South California Avenue, Fourth Floor • Palo Alto, CA 94306-1989 • Phone: (650) 326-9300 • Fax: (650) 326-9333
www.menloequities.com

SILICON VALLEY / SAN JOSE
BusinessJournal

ENTERPRISE

From the September 17, 2004 print edition

Utopian Santana Row model is flawed, its developers say

Sharon Simonson

San Jose's Santana Row may turn out to be a one-hit wonder.

Even as the 42-acre, housing, retail, restaurant and hotel project gains national prominence among city planners, architects and developers as the standard of "place" creation, development company executives in and out of the Bay Area say that anything closely akin to it is unlikely to occur in the same way again.

The project, for all the buzz it has created, so far has proven a financial burden for its developer, Federal Realty Investment Trust of Maryland, and has illustrated the many financial pitfalls of developing large, high-density, mixed-use projects, particularly in tight physical circumstances.

Santana Row's fortunes are of significance far beyond the impact on Federal's stockholders.

Developments like Santana have clearly become what one local real estate executive calls "the utopian model" for nearly every South Bay planning department and city council as the answer to the region's land and housing shortages, traffic congestion and, in many cases, moribund downtowns.

But communities may find themselves regretting the day they embraced complex mixed-use developments if public money is involved, as one Federal executive argued it must be going forward.

"Everyone has fallen in love with (Santana Row) being the validation of the mixed-use project. Now every community from Alviso to Morgan Hill wants its own Santana," says Randol Mackley, principal with Santa Clara's Retail Real Estate Group.

But its beauty must also be viewed through a very "pragmatic" lens, he adds. Federal will earn only 5 percent return on costs for the first $435 million phase -- "a yield that is very, very modest for the risk."

Meanwhile, the Urban Land Institute, a Washington, D.C., real estate think tank and professional organization, is using Santana Row as the poster child for a national planning trend of projects that are "place making" -- communities and locations that create emotional ties with visitors, and, of course, to shoppers, drawing them back again and again.

The ULI, which also created the most current template for downtown San Jose's redevelopment, hosted a day-and-a-half long conference Sept. 13-14 in San Jose with a session on Santana Row as a capstone. Mr. Mackley attended the conference and Santana Row session, where the speakers included Jan Sweetnam, Federal's chief operating officer for the western region; Nate Fishkin, a former Federal leasing director at Santana Row and now a consultant to the project; and Richard Heapes, a principal with Street-Works of New York and Santana Row's designer.

The conclusion: Federal is embarking on no new Santana Row-like projects.

Mr. Sweetnam told those gathered that, in the future, projects like Santana will only be undertaken with public assistance. Federal had and wanted no public money, he said, because it wanted to maintain complete control of the development. Public money often comes with strings attached, such as requirements for affordable housing.

"If you build a grocery-anchored shopping center and reap 9 percent returns on costs, how much more yield do you want (for a Santana Row)? " he said. ""I would say close to 13 to 14 percent return."

To get that, public dollars must be involved, he said.

Santana's total price tag is expected to be close to $885 million, Mr. Sweetnam says.

Santana Row's financial troubles don't condemn future complex mixed-use developments with multiple property types, but the message from the session was "sobering," says Michael J. Anderson, chief operating officer for Aegis Equity Partners Inc. of Oakland, who also attended the ULI event. Aegis is embarking on its own mixed-use development near an East Bay BART station.

"The final product at Santana Row is incredible, and it sets the standard," he added. "But clearly these projects are very, very complex."

SHARON SIMONSON covers real estate for the Business Journal. Reach her at (408) 299-1853.

Appendix D

Distribution of Building Condition Ratings by Subareas

City of Sunnyvale
Central Core Redevelopment Project
Redevelopment Plan Amendment

Appendix D

Building Conditions Survey

DISTRIBUTION OF BUILDING CONDITIONS RATINGS BY SUBAREAS

May 2005

John B. Dykstra & Associates

INTRODUCTION

To facilitate field work and analysis, the “Areas Still Needing Redevelopment Attention,” were subdivided into ten subareas.[1] These subareas are described below.

SUBAREAS

<u>Subarea 1</u>: The area along El Camino Real identified in Figure II-1, page II-7, as an “Area Still Needing Redevelopment Attention.”

<u>Subarea 2</u>: The block bounded by Evelyn, Mathilda, and Washington Avenues, and Charles Street.

<u>Subarea 3</u>: The block bounded by Washington, Mathilda, and McKinley Avenues, and Charles Street.

<u>Subarea 4</u>: The block bounded by McKinley, Mathilda, and Iowa Avenues, and Charles Street.

<u>Subarea 5</u>: The area within the “Area Still Needing Redevelopment Attention” as shown in Figure II-1, page II-7, north of Washington Avenue between Aries Way and Francis Street.

<u>Subarea 6</u>: The areas within the block bounded by Washington, Sunnyvale, Iowa, and Mathilda Avenues.

<u>Subarea 7</u>: The area within the “Area Still Needing Redevelopment Attention” as shown in Figure II-1, page II-7, in the block bounded by Evelyn Avenue, Carroll Street, Washington Avenue, and Sunnyvale Avenue.

<u>Subarea 8</u>: The area within the “Area Still Needing Redevelopment Attention” as shown in Figure II-1, page II-7, in the block bounded by McKinley Avenue, Carroll Street, Iowa Avenue, and Sunnyvale Avenue.

<u>Subarea 9</u>: The area within the “Area Still Needing Redevelopment Attention” as shown in Figure II-1, page II-7, in the block bounded by Iowa, Sunnyvale, Olive, and Murphy Avenues.

<u>Subarea 10</u>: The block bounded by Iowa Avenue, Carroll Street, Olive Avenue, and Sunnyvale Avenue.

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1 For details on the “Areas Still Needing Redevelopment Attention,” refer to Section E, subsection 3, page II-6 and Figure II-1, page II-7 of the report.

Subarea 1

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	5
2	5
3	2
4	0
5	0
Total	12

Average Building Conditions Rating: 1.8

Subarea 2

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Ratings	Number of Buildings
1	**3**
2	**16**
3	**10**
4	**0**
5	**0**
Total	**29**

Average Building Conditions Rating: 2.2

Subarea 3

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Ratings	Number of Buildings
1	3
2	4
3	5
4	1
5	0
Total	13

Average Building Conditions Rating: 2.3

Subarea 4

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	0
2	6
3	4
4	0
5	0
Total	10

Average Building Condition Rating: 2.4

Subarea 5

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Ratings	Number of Buildings
1	4
2	3
3	1
4	0
5	0
Total	8

Average Building Conditions Rating: 1.6

Subarea 6

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	1
2	2
3	4
4	0
5	1
Total	8

Average Building Conditions Rating: 2.8

Subarea 7

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	2
2	2
3	0
4	0
5	0
Total	4

Average Building Conditions Rating: 1.5

Subarea 8

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	5
2	10
3	3
4	1
5	0
Total	19

Average Building Conditions Ratings: 2.0

Subarea 9

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	3
2	4
3	0
4	0
5	0
Total	7

Average Building Conditions Rating: 1.6

Subarea 10

BUILDING CONDITIONS RATINGS TABULATION

Building Conditions Rating	Number of Buildings
1	3
2	11
3	5
4	2
5	1
Total	22

Average Building Condition Rating: 2.4

Appendix E

Tax Increment Projections

Appendix Table E-1
Summary of Tax Increment Projections
Sunnyvale Amended and Restated Plan

Summary of Assumptions	
Growth Assumptions	
FY 2004/05 Secured Assessed Value:	$354,044,072
FY 2004/05 State Board Assessed Value:	$6,917
FY 2004/05 Unsecured Assessed Value:	$28,046,250
FY 2004/05 Total Assessed Value:	$382,097,239
FY 2004/05 Unitary Payments:	$56,668
Annual Inflationary Adjustment: 2% of Secured AV	
Reassessed Property Assessments: 2% of Secured AV	
Development Per Absorption Analysis	
Annual Growth in State Board Assessed Value:	0.0%
Annual Growth in Unsecured Assessed Value:	0.0%
Annual Growth in Unitary Payments:	0.0%
Tax Increment Generation	
Project Amended between 12/2/04 and 8/20/05	
Property Tax Rate:	1.0%
Tax Increment Cap:	$118,000,000
County Property Tax Admin Fee:	1.0%
Pass-Through Payments and Housing Set-Aside are calculated based on Incremental Tax Revenues.	
Sponsoring Community	
City receives pass-through	
City's Unadjusted Levy Within Project Area:	16.09%
Agency Administration Cost	
Cost in FY 2005/06:	$207,177
Annual Increase:	3.0%
Present Value Discount Rate	
Present value discounted to FY 2004/05 at:	5.5%
Historical Information	
Original Base Assessed Value (Secured, Unsecured and Utility)	$37,147,648
Historical TI Remitted to Agency (Net of County Admin) through 2004/05:	$52,685,345
Year First Plan Limit was Reached:	FY 2012/13

Tax Increment Projections From FY 2005/06 Through End of Project

	Nominal Dollars*	Constant FY 2004/05 Dollars*
County Distribution of Basic Incremental Taxes		
Incremental Tax Revenues	$395,432,000	$186,720,000
Less: County Property Tax Admin Fee	3,954,000	1,867,000
Tax Revenues Remitted to Agency	391,478,000	184,852,000
TI Available to Agency After Obligations		
Tax Revenues Remitted to Agency	391,478,000	184,852,000
Less: Pass-Throughs to Taxing Entities	65,481,000	24,896,000
Less: Debt Obligation	261,063,000	133,077,000
Less: State ERAF Payments	269,000	255,000
TI Available to Agency After Obligations	64,665,000	26,624,000
Projected Use of TI Funds		
TI Available for Housing Programs	64,665,000	26,624,000
TI Available for Non-Housing Projects	0	0
Total TI Funds Used by Agency	64,665,000	26,624,000
Subtotal, TI for Housing & Projects	*64,665,000*	*26,624,000*
Cumulative TI for Housing Programs		
2014/ 15	5,193,000	3,107,000
2024/ 25	47,400,000	21,311,000
2028/ 29	64,665,000	26,624,000
Cumulative TI for Non-Housing Projects		
2014/ 15	0	0
2024/ 25	0	0
2028/ 29	0	0

* Figures are rounded to $1,000. Calculations may not precisely match, due to rounding.

Appendix Table E-2A
Tax Increment Projections
Sunnyvale Amended and Restated Plan
(In Future Value or Nominal Dollars)

		County Distribution of Basic Incremental Taxes			Agency Obligations			Net Tax Increment Available for Housing Programs		Net Tax Increment Available for Non-Housing Projects	
Year (N)	Fiscal Year[1]	(1) Incremental Tax Revenues[2]	(2) County Admin Fee	(3) Net Taxes Remitted to Agency	(4) Pass-Through Payments	(5) Debt Obligation	(6) State ERAF Payment	(7) Annual	(8) Cumulative	(9) Annual	(10) Cumulative
	1975/ 76										
29	2004/ 05									0	0
30	2005/ 06	3,721,422	37,214	3,684,208	0	3,414,810	269,398	0	0	0	0
31	2006/ 07	4,204,578	42,046	4,162,533	0	4,162,533		0	0	0	0
32	2007/ 08	5,365,010	53,650	5,311,360	0	5,311,360		0	0	0	0
33	2008/ 09	8,191,341	81,913	8,109,427	0	8,109,427		0	0	0	0
34	2009/ 10	9,185,412	91,854	9,093,557	0	9,093,557		0	0	0	0
35	2010/ 11	10,711,055	107,111	10,603,944	0	10,603,944		0	0	0	0
36	2011/ 12	12,312,077	123,121	12,188,956	0	12,188,956		0	0	0	0
37	2012/ 13	14,000,564	140,006	13,860,559	0	13,860,559		0	0	0	0
38	2013/ 14	14,776,606	147,766	14,628,840	839,580	11,717,482		2,071,778	2,071,778	0	0
39	2014/ 15	15,608,060	156,081	15,451,979	1,234,932	11,095,436		3,121,612	5,193,390	0	0
40	2015/ 16	16,477,552	164,776	16,312,777	1,648,429	11,368,837		3,295,510	8,488,900	0	0
41	2016/ 17	17,386,700	173,867	17,212,833	2,080,845	11,654,648		3,477,340	11,966,240	0	0
42	2017/ 18	18,337,188	183,372	18,153,816	2,532,984	11,953,395		3,667,438	15,633,678	0	0
43	2018/ 19	19,330,768	193,308	19,137,460	3,005,682	12,265,624		3,866,154	19,499,831	0	0
44	2019/ 20	20,369,265	203,693	20,165,573	3,499,813	12,591,906		4,073,853	23,573,684	0	0
45	2020/ 21	21,454,581	214,546	21,240,035	4,016,284	12,932,835		4,290,916	27,864,600	0	0
46	2021/ 22	22,588,692	225,887	22,362,805	4,556,039	13,289,027		4,517,738	32,382,339	0	0
47	2022/ 23	23,773,659	237,737	23,535,922	5,120,064	13,661,127		4,754,732	37,137,071	0	0
48	2023/ 24	25,011,626	250,116	24,761,510	5,844,232	13,914,953		5,002,325	42,139,396	0	0
49	2024/ 25	26,304,824	263,048	26,041,776	6,600,791	14,180,020		5,260,965	47,400,361	0	0
50	2025/ 26	27,655,578	276,556	27,379,022	7,391,106	14,456,801		5,531,116	52,931,476	0	0
51	2026/ 27	28,757,109	287,571	28,469,538	8,216,596	14,501,521		5,751,422	58,682,898	0	0
52	2027/ 28	29,908,765	299,088	29,609,677	8,893,398	14,734,526		5,981,753	64,664,651	0	0
53	2028/ 29	0	0	0	0	0		0	64,664,651	0	0
TOTAL		**395,432,431**	**3,954,324**	**391,478,107**	**65,480,774**	**261,063,284**	**269,398**	**64,664,651**		**0**	
Cumulative											
To:	2014/ 15	98,076,125	980,761	97,095,364	2,074,512	89,558,064	269,398	5,193,390		0	
To:	2024/ 25	309,110,980	3,091,110	306,019,870	40,979,675	217,370,436	269,398	47,400,361		0	
To:	2028/ 29	395,432,431	3,954,324	391,478,107	65,480,774	261,063,284	269,398	64,664,651		0	

1. The time limit for tax increment collection will be FY 2028/29. However, the Plan ends in November 2028 and therefore no TI is projected to be collected during FY 2028/29.

2. Based on revenues from Basic Tax Increment (1.0%), exclusive of bond overrides.

Assumptions:
County Admin Fee as a % of Incremental Tax Revenues: 1%
Pass-Through Payments and Housing Set-Aside are calculated based on Incremental Tax Revenues.
Agency Administration Annual Increase: 3% (Expenses paid through City advances - see Table A-5B)
TI for Housing Programs as a % of Incremental Tax Revenues: 20%

Appendix Table E-2B
Tax Increment Projections
Sunnyvale Amended and Restated Plan
(In Present Value or Constant 2004/05 Dollars)

Year (N)	Fiscal Year[1]	County Distribution of Basic Incremental Taxes (1) Incremental Tax Revenues[b]	(2) County Admin Fee	(3) Net Taxes Remitted to Agency	Agency Obligations (4) Pass-Through Payments	(5) Debt Obligation	(6) State ERAF Payment	Net Tax Increment Available for Housing Programs (7) Annual	(8) Cumulative	Net Tax Increment Available for Non-Housing Projects (9) Annual	(10) Cumulative
	1975/ 76										
29	2004/ 05	0									
30	2005/ 06	3,527,415	35,274	3,492,141	0	3,236,787	255,354	0	0	0	0
31	2006/ 07	3,777,614	37,776	3,739,838	0	3,739,838	0	0	0	0	0
32	2007/ 08	4,568,915	45,689	4,523,226	0	4,523,226	0	0	0	0	0
33	2008/ 09	6,612,187	66,122	6,546,065	0	6,546,065	0	0	0	0	0
34	2009/ 10	7,028,074	70,281	6,957,793	0	6,957,793	0	0	0	0	0
35	2010/ 11	7,768,148	77,681	7,690,466	0	7,690,466	0	0	0	0	0
36	2011/ 12	8,463,775	84,638	8,379,137	0	8,379,137	0	0	0	0	0
37	2012/ 13	9,122,752	91,228	9,031,524	0	9,031,524	0	0	0	0	0
38	2013/ 14	9,126,464	91,265	9,035,200	518,549	7,237,060	0	1,279,591	1,279,591	0	0
39	2014/ 15	9,137,436	91,374	9,046,061	722,967	6,495,607	0	1,827,487	3,107,078	0	0
40	2015/ 16	9,143,567	91,436	9,052,131	914,731	6,308,687	0	1,828,713	4,935,791	0	0
41	2016/ 17	9,145,083	91,451	9,053,632	1,094,486	6,130,130	0	1,829,017	6,764,808	0	0
42	2017/ 18	9,142,201	91,422	9,050,779	1,262,846	5,959,493	0	1,828,440	8,593,248	0	0
43	2018/ 19	9,135,129	91,351	9,043,777	1,420,393	5,796,358	0	1,827,026	10,420,273	0	0
44	2019/ 20	9,124,067	91,241	9,032,826	1,567,682	5,640,331	0	1,824,813	12,245,087	0	0
45	2020/ 21	9,109,209	91,092	9,018,117	1,705,238	5,491,037	0	1,821,842	14,066,929	0	0
46	2021/ 22	9,090,741	90,907	8,999,833	1,833,562	5,348,123	0	1,818,148	15,885,077	0	0
47	2022/ 23	9,068,840	90,688	8,978,152	1,953,130	5,211,254	0	1,813,768	17,698,845	0	0
48	2023/ 24	9,043,680	90,437	8,953,243	2,113,152	5,031,355	0	1,808,736	19,507,581	0	0
49	2024/ 25	9,015,425	90,154	8,925,271	2,262,282	4,859,904	0	1,803,085	21,310,666	0	0
50	2025/ 26	8,984,235	89,842	8,894,392	2,401,086	4,696,459	0	1,796,847	23,107,513	0	0
51	2026/ 27	8,855,052	88,551	8,766,501	2,530,101	4,465,390	0	1,771,010	24,878,523	0	0
52	2027/ 28	8,729,551	87,296	8,642,255	2,595,740	4,300,606	0	1,745,910	26,624,433	0	0
53	2028/ 29	0	0	0	0	0	0	0	26,624,433	0	0
TOTAL		**186,719,559**	**1,867,196**	**184,852,363**	**24,895,945**	**133,076,631**	**255,354**	**26,624,433**		**0**	
Cumulative											
To:	2014/ 15	69,132,780	691,328	68,441,452	1,241,516	63,837,504	255,354	3,107,078		0	
To:	2024/ 25	160,150,721	1,601,507	158,549,214	17,369,018	119,614,176	255,354	21,310,666		0	
To:	2028/ 29	186,719,559	1,867,196	184,852,363	24,895,945	133,076,631	255,354	26,624,433		0	

1. The time limit for tax increment collection will be FY 2028/29. However, the Plan ends in November 2028 and therefore no TI is projected to b collected during FY 2028/29.

2. Based on revenues from Basic Tax Increment (1.0%), exclusive of bond overrides.

Assumptions:
Present value discounted to FY 2004/05 at: 5.5%

Appendix Table E-3A
Tax Revenues
Sunnyvale Amended and Restated Plan
(In Future Value or Nominal Dollars)

Year (N)	Fiscal Year[1]	First & Second Payments to Agency: (1) Secured, State Board, Unsecured AV	(2) Increase in AV Over Base	(3) First & Second Payments	Supplemental Payments: (4) Supplemental Secured Assessments	(5) Supplemental Secured Payments	Total Basic Tax Revenues: (6) First & Second Payments	(7) Supplemental Secured Payments	(8) Unitary Payments	(9) Incremental Tax Revenues
	1975/ 76	37,147,648								
29	2004/ 05	382,097,239								
30	2005/ 06	396,259,002	359,111,354	3,591,114	7,364,117	73,641	3,591,114	73,641	56,668	3,721,422
31	2006/ 07	410,987,235	373,839,587	3,738,396	40,951,481	409,515	3,738,396	409,515	56,668	4,204,578
32	2007/ 08	459,597,398	422,449,750	4,224,498	108,384,437	1,083,844	4,224,498	1,083,844	56,668	5,365,010
33	2008/ 09	576,612,719	539,465,071	5,394,651	274,002,206	2,740,022	5,394,651	2,740,022	56,668	8,191,341
34	2009/ 10	861,586,116	824,438,468	8,244,385	88,435,911	884,359	8,244,385	884,359	56,668	9,185,412
35	2010/ 11	966,692,686	929,545,038	9,295,450	135,893,682	1,358,937	9,295,450	1,358,937	56,668	10,711,055
36	2011/ 12	1,121,359,159	1,084,211,511	10,842,115	141,329,429	1,413,294	10,842,115	1,413,294	56,668	12,312,077
37	2012/ 13	1,284,554,708	1,247,407,060	12,474,071	146,982,606	1,469,826	12,474,071	1,469,826	56,668	14,000,564
38	2013/ 14	1,456,667,345	1,419,519,697	14,195,197	52,474,135	524,741	14,195,197	524,741	56,668	14,776,606
39	2014/ 15	1,537,713,764	1,500,566,116	15,005,661	54,573,100	545,731	15,005,661	545,731	56,668	15,608,060
40	2015/ 16	1,622,480,076	1,585,332,428	15,853,324	56,756,024	567,560	15,853,324	567,560	56,668	16,477,552
41	2016/ 17	1,711,124,638	1,673,976,990	16,739,770	59,026,265	590,263	16,739,770	590,263	56,668	17,386,700
42	2017/ 18	1,803,812,333	1,766,664,685	17,666,647	61,387,316	613,873	17,666,647	613,873	56,668	18,337,188
43	2018/ 19	1,900,714,832	1,863,567,184	18,635,672	63,842,809	638,428	18,635,672	638,428	56,668	19,330,768
44	2019/ 20	2,002,010,874	1,964,863,226	19,648,632	66,396,521	663,965	19,648,632	663,965	56,668	20,369,265
45	2020/ 21	2,107,886,549	2,070,738,901	20,707,389	69,052,382	690,524	20,707,389	690,524	56,668	21,454,581
46	2021/ 22	2,218,535,599	2,181,387,951	21,813,880	71,814,477	718,145	21,813,880	718,145	56,668	22,588,692
47	2022/ 23	2,334,159,724	2,297,012,076	22,970,121	74,687,056	746,871	22,970,121	746,871	56,668	23,773,659
48	2023/ 24	2,454,968,912	2,417,821,264	24,178,213	77,674,538	776,745	24,178,213	776,745	56,668	25,011,626
49	2024/ 25	2,581,181,765	2,544,034,117	25,440,341	80,781,520	807,815	25,440,341	807,815	56,668	26,304,824
50	2025/ 26	2,713,025,857	2,675,878,209	26,758,782	84,012,781	840,128	26,758,782	840,128	56,668	27,655,578
51	2026/ 27	2,850,738,091	2,813,590,443	28,135,904	56,453,698	564,537	28,135,904	564,537	56,668	28,757,109
52	2027/ 28	2,963,645,488	2,926,497,840	29,264,978	58,711,846	587,118	29,264,978	587,118	56,668	29,908,765
53	2028/ 29	3,081,069,181	3,043,921,533	0	61,060,320	0	0	0	0	0
TOTAL				**374,819,190**		**19,309,883**	**374,819,190**	**19,309,883**	**1,303,358**	**395,432,431**
Cumulative										
To:	2014/ 15			87,005,537		10,503,911	87,005,537	10,503,911	566,678	98,076,125
To:	2024/ 25			290,659,525		17,318,100	290,659,525	17,318,100	1,133,355	309,110,980
To:	2028/ 29			374,819,190		19,309,883	374,819,190	19,309,883	1,303,358	395,432,431

1. The time limit for tax increment collection will be FY 2028/29. However, the Plan ends in November 2028 and therefore no TI is projected to be collected during FY 2028/29.

Notes:
First & Second Payments are based on the 1% basic tax rate applied to the Increase in AV Over Base.
Supplemental Secured Assessments include reassessed property and new development.
Supplemental Secured Payments are based on the 1% basic tax rate applied to the Supplemental Secured Assessments.
Unitary payments are estimated to escalate at an annual rate of: 0%

Appendix Table E-3B
Growth in Assessed Value
Sunnyvale Amended and Restated Plan
(In Future Value or Nominal Dollars)

		Growth in Secured Assessed Value				Growth Rates		Total Secured, State Board and Unsecured AV			
Year (N)	Fiscal Year[1]	(1) Secured AV	(2) Inflationary Adjustments	(3) Reassessed Property Assessments	(4) New Development Assessments	(5) Annual	(6) Average Annual	(7) Secured AV	(8) State Board	(9) Unsecured AV	(10) Secured, State Board, Unsecured AV
	1975/ 76										
29	2004/ 05	354,044,072	7,080,881	7,080,881	0			354,044,072	6,917	28,046,250	382,097,239
30	2005/ 06	368,205,835	7,364,117	7,364,117	0	*4.00%*	*4.00%*	368,205,835	6,917	28,046,250	396,259,002
31	2006/ 07	382,934,068	7,658,681	7,658,681	33,292,800	*4.00%*	*4.00%*	382,934,068	6,917	28,046,250	410,987,235
32	2007/ 08	431,544,231	8,630,885	8,630,885	99,753,552	*12.69%*	*6.82%*	431,544,231	6,917	28,046,250	459,597,398
33	2008/ 09	548,559,552	10,971,191	10,971,191	263,031,015	*27.12%*	*11.57%*	548,559,552	6,917	28,046,250	576,612,719
34	2009/ 10	833,532,949	16,670,659	16,670,659	71,765,252	*51.95%*	*18.68%*	833,532,949	6,917	28,046,250	861,586,116
35	2010/ 11	938,639,519	18,772,790	18,772,790	117,120,892	*12.61%*	*17.65%*	938,639,519	6,917	28,046,250	966,692,686
36	2011/ 12	1,093,305,992	21,866,120	21,866,120	119,463,309	*16.48%*	*17.48%*	1,093,305,992	6,917	28,046,250	1,121,359,159
37	2012/ 13	1,256,501,541	25,130,031	25,130,031	121,852,576	*14.93%*	*17.16%*	1,256,501,541	6,917	28,046,250	1,284,554,708
38	2013/ 14	1,428,614,178	28,572,284	28,572,284	23,901,851	*13.70%*	*16.77%*	1,428,614,178	6,917	28,046,250	1,456,667,345
39	2014/ 15	1,509,660,597	30,193,212	30,193,212	24,379,888	*5.67%*	*15.61%*	1,509,660,597	6,917	28,046,250	1,537,713,764
40	2015/ 16	1,594,426,909	31,888,538	31,888,538	24,867,486	*5.61%*	*14.66%*	1,594,426,909	6,917	28,046,250	1,622,480,076
41	2016/ 17	1,683,071,471	33,661,429	33,661,429	25,364,836	*5.56%*	*13.87%*	1,683,071,471	6,917	28,046,250	1,711,124,638
42	2017/ 18	1,775,759,166	35,515,183	35,515,183	25,872,133	*5.51%*	*13.21%*	1,775,759,166	6,917	28,046,250	1,803,812,333
43	2018/ 19	1,872,661,665	37,453,233	37,453,233	26,389,575	*5.46%*	*12.63%*	1,872,661,665	6,917	28,046,250	1,900,714,832
44	2019/ 20	1,973,957,707	39,479,154	39,479,154	26,917,367	*5.41%*	*12.14%*	1,973,957,707	6,917	28,046,250	2,002,010,874
45	2020/ 21	2,079,833,382	41,596,668	41,596,668	27,455,714	*5.36%*	*11.70%*	2,079,833,382	6,917	28,046,250	2,107,886,549
46	2021/ 22	2,190,482,432	43,809,649	43,809,649	28,004,828	*5.32%*	*11.32%*	2,190,482,432	6,917	28,046,250	2,218,535,599
47	2022/ 23	2,306,106,557	46,122,131	46,122,131	28,564,925	*5.28%*	*10.97%*	2,306,106,557	6,917	28,046,250	2,334,159,724
48	2023/ 24	2,426,915,745	48,538,315	48,538,315	29,136,223	*5.24%*	*10.66%*	2,426,915,745	6,917	28,046,250	2,454,968,912
49	2024/ 25	2,553,128,598	51,062,572	51,062,572	29,718,948	*5.20%*	*10.38%*	2,553,128,598	6,917	28,046,250	2,581,181,765
50	2025/ 26	2,684,972,690	53,699,454	53,699,454	30,313,327	*5.16%*	*10.13%*	2,684,972,690	6,917	28,046,250	2,713,025,857
51	2026/ 27	2,822,684,924	56,453,698	56,453,698	0	*5.13%*	9.90%	2,822,684,924	6,917	28,046,250	2,850,738,091
52	2027/ 28	2,935,592,321	58,711,846	58,711,846	0	*4.00%*	9.63%	2,935,592,321	6,917	28,046,250	2,963,645,488
53	2028/ 29	3,053,016,014	61,060,320	61,060,320	0	*N/A*	*N/A*	3,053,016,014	6,917	28,046,250	3,081,069,181
TOTAL					**1,177,166,498**						
Cumulative											
To:	2014/ 15				874,561,136						
To:	2024/ 25				1,146,853,171						
To:	2028/ 29				1,177,166,498						

1. The time limit for tax increment collection will be FY 2028/29. However, the Plan ends in November 2028 and therefore no TI is projected to be collected during FY 2028/29.

Assumptions:
Annual Inflationary Adjustment: 2% of Secured AV
Reassessed Property Assessments: 2% of Secured AV
Development Per Absorption Analysis
State Board Annual Increase: 0%
Unsecured AV Annual Increase: 0%

Appendix Table E-4
New Development Roll Value Schedule[1]
Sunnyvale Amended and Restated Plan
(In Present Value or Constant 2004/05 Dollars, unless otherwise noted)

Year (N)	Fiscal Year	Town Center Mall (1) Incremental Assessed Value	Town & Country (2) Incremental Assessed Value	Mixed Use Residential/Commercial (3) Incremental Assessed Value	Total Incremental Assessed Value (4) Constant 2004/05 Dollars	Total Incremental Assessed Value (5) Escalated to Nominal Dollars[2]
	1975/ 76					
29	2004/ 05	0	0	0	0	0
30	2005/ 06	0	0	0	0	0
31	2006/ 07	32,000,000	0	0	32,000,000	33,292,800
32	2007/ 08	94,000,000	0	0	94,000,000	99,753,552
33	2008/ 09	243,000,000	0	0	243,000,000	263,031,015
34	2009/ 10	65,000,000	0	0	65,000,000	71,765,252
35	2010/ 11	0	84,000,000	20,000,000	104,000,000	117,120,892
36	2011/ 12	0	84,000,000	20,000,000	104,000,000	119,463,309
37	2012/ 13	0	84,000,000	20,000,000	104,000,000	121,852,576
38	2013/ 14	0	0	20,000,000	20,000,000	23,901,851
39	2014/ 15	0	0	20,000,000	20,000,000	24,379,888
40	2015/ 16	0	0	20,000,000	20,000,000	24,867,486
41	2016/ 17	0	0	20,000,000	20,000,000	25,364,836
42	2017/ 18	0	0	20,000,000	20,000,000	25,872,133
43	2018/ 19	0	0	20,000,000	20,000,000	26,389,575
44	2019/ 20	0	0	20,000,000	20,000,000	26,917,367
45	2020/ 21	0	0	20,000,000	20,000,000	27,455,714
46	2021/ 22	0	0	20,000,000	20,000,000	28,004,828
47	2022/ 23	0	0	20,000,000	20,000,000	28,564,925
48	2023/ 24	0	0	20,000,000	20,000,000	29,136,223
49	2024/ 25	0	0	20,000,000	20,000,000	29,718,948
50	2025/ 26	0	0	20,000,000	20,000,000	30,313,327
51	2026/ 27	0	0	0	0	0
52	2027/ 28	0	0	0	0	0
53	2028/ 29	0	0	0	0	0
TOTAL		**434,000,000**	**252,000,000**	**320,000,000**	**1,006,000,000**	**1,177,166,498**
Cumulative						
To:	2014/ 15	434,000,000	252,000,000	100,000,000	786,000,000	874,561,136
To:	2024/ 25	434,000,000	252,000,000	300,000,000	986,000,000	1,146,853,171
To:	2028/ 29	434,000,000	252,000,000	320,000,000	1,006,000,000	1,177,166,498

1. Year is the Fiscal Year during which the value of new development property would be added to the property tax assessment roll. It may not correspond to the year of contstruction/rehabilitation/transaction.
2. Future value based on FY 2004/05 values escalated annually at: 2%
3. Town Center Mall incremental development and schedule based on information provided by development manager and is net of 2003/04 base assessed value (AV) for the Mall properties.
4. Town and Country development value based on Specific Plan buildout of 450 residential units at $550,000 per unit avg. and 52,500 sq. ft. of commercial space at $350 psf. Incremental AV is net of FY 2003/04 assesssed value for those properties.
5. Remaining development in Project Area based on 100 percent of the proposed incremental buildout in the Downtown Specific Plan, net of Town Center Mall and Town & Country, or approx. 732 units and 230,000 commercial sq. ft. at avg. incremental AV of $350,000 per unit and $250 psf of commercial space.

Appendix Table E-5A
Debt Obligations
Sunnyvale Amended and Restated Plan
(In Future Value or Nominal Dollars)

Year (N)	Fiscal Year	Tax Increment Available to Agency	Pre-1986 Debt [1]: Central Core Tax Allocation Bonds Series 2003	Prepayment of Certificates of Participation	1977 City Loan[2]: New Advances	1977 City Loan: Balance Due	1977 City Loan: Interest 8%	1977 City Loan: Total Payments	Post-1985 City Loan Obligation: City Advances for Town Center Mall DDOPA Obligation: New Advances	Balance Due	Interest 8%	Payment
0	1975/ 76											
29	2004/ 05	3,206,986	568,021		1,220,728	34,047,129	2,683,486	2,638,965	0	0	0	0
30	2005/ 06	3,414,810	560,496		1,219,558	35,311,208	2,784,651	2,854,314	800,000	800,000	32,000	0
31	2006/ 07	4,162,533	609,246		1,221,920	36,463,466	2,876,754	3,553,287	0	832,000	66,560	0
32	2007/ 08	5,311,360	612,346		1,222,805	37,009,738	2,920,426	4,699,014	1,804,243	2,702,803	107,970	0
33	2008/ 09	8,109,427	609,941		1,217,280	36,448,431	2,875,704	7,499,486	4,008,091	6,818,864	305,024	0
34	2009/ 10	9,093,557	606,536		1,219,893	33,044,542	2,603,307	8,487,021	4,406,043	11,529,930	658,032	0
35	2010/ 11	10,603,944	606,486		1,215,475	28,376,302	2,229,994	9,997,458	4,454,277	16,642,239	1,064,122	0
36	2011/ 12	12,188,956	609,776		1,214,118	21,822,955	1,705,771	11,579,180	4,510,581	22,216,943	1,506,721	0
37	2012/ 13	13,860,559	606,704		1,215,523	13,165,069	1,013,093	13,253,855	4,568,011	28,291,674	1,989,253	0
38	2013/ 14	13,789,260	602,451	8,845,000	1,214,689	2,138,996	131,035	11,115,031	4,072,152	34,353,080	2,503,917	0
39	2014/ 15	14,217,048	606,876	0	0	0	0	0	4,090,391	40,947,387	3,030,368	10,488,560
40	2015/ 16	14,664,348	599,941	0	0	0	0	0	4,108,994	37,598,189	2,761,316	10,768,896
41	2016/ 17	15,131,988	607,041	0	0	0	0	0	4,127,969	33,718,577	2,449,808	11,047,607
42	2017/ 18	15,620,832	603,044	0	0	0	0	0	4,147,324	29,268,102	2,092,609	11,350,351
43	2018/ 19	16,131,778	602,729	0	0	0	0	0	4,167,065	24,177,425	1,684,170	11,662,895
44	2019/ 20	16,665,759	601,138	0	0	0	0	0	4,187,202	18,385,902	1,219,640	11,990,768
45	2020/ 21	17,223,751	598,295	0	0	0	0	0	4,207,741	11,822,515	693,337	12,334,540
46	2021/ 22	17,806,766	598,925	0	0	0	0	0	4,228,691	4,410,003	99,079	4,509,082
47	2022/ 23	18,415,859	598,163	0	0	0	0	0	4,250,061	4,250,061	85,001	4,335,062
48	2023/ 24	18,917,278		0	0	0	0	0	4,263,806	4,263,806	85,276	4,349,082
49	2024/ 25	19,440,985		0	0	0	0	0	4,277,826	4,277,826	85,557	4,363,383
50	2025/ 26	19,987,916		0	0	0	0	0	4,292,127	4,292,127	85,843	4,377,970
51	2026/ 27	20,252,943		0	0	0	0	0	0	0	0	0
52	2027/ 28	20,716,279		0	0	0	0	0	0	0	0	0
53	2028/ 29	0				0	0	0	0	0	0	0
TOTAL		328,934,921	11,408,155	8,845,000	12,181,989	0	21,824,221	75,677,611	78,972,595	0	22,605,600	101,578,195
Cumulative												
To:	2014/ 15	97,958,439	6,598,879	8,845,000	12,181,989	0	21,824,221	75,677,611	32,713,789	40,947,387	11,263,966	10,488,560
To:	2024/ 25	267,977,783	11,408,155	8,845,000	12,181,989	0	21,824,221	75,677,611	74,680,468	4,277,826	22,519,758	97,200,226
To:	2028/ 29	328,934,921	11,408,155	8,845,000	12,181,989	0	21,824,221	75,677,611	78,972,595	0	22,605,600	101,578,195

1. Agency will begin making Housing Set Aside payments when available tax increment exceeds pre-1986 debt obligations.
2. 1977 City Loan obligation includes Agency reimbursement to City, with interest, for parking lease payments used to pay Certificates of Participation.
After Agency fully repays accrued 1977 City Loan balance, it will prepay future obligations to City for outstanding principal due on COPs.

Appendix Table E-5B
Debt Obligations
Sunnyvale Amended and Restated Plan
(In Future Value or Nominal Dollars)

		Post-1985 City Loan Obligation										
		1994 City Loan for Administrative Costs				2001 City Plaza Loan			Annual	Housing Set-Aside		
Year (N)	Fiscal Year	New Advances	Balance Due	Interest 8%	Payment	Balance Due	Interest 6%	Payment	Debt Payments	Set Aside Obligation	Set Aside Payments [1]	Cumulative Deficit
0	1975/ 76											5,492,000
29	2004/ 05	201,143	14,305,597	1,144,448	0	1,786,524	107,191	0	3,206,986	694,220	0	6,186,220
30	2005/ 06	207,177	15,657,222	1,252,578	0	1,786,524	107,191	0	3,414,810	744,284	0	6,930,505
31	2006/ 07	213,393	17,123,192	1,369,855	0	1,893,715	113,623	0	4,162,533	840,916	0	7,771,421
32	2007/ 08	219,794	18,712,842	1,497,027	0	2,007,338	120,440	0	5,311,360	1,073,002	0	8,844,423
33	2008/ 09	226,388	20,436,258	1,634,901	0	2,127,779	127,667	0	8,109,427	1,638,268	0	10,482,691
34	2009/ 10	233,180	22,304,338	1,784,347	0	2,255,445	135,327	0	9,093,557	1,837,082	0	12,319,773
35	2010/ 11	240,175	24,328,861	1,946,309	0	2,390,772	143,446	0	10,603,944	2,142,211	0	14,461,984
36	2011/ 12	247,381	26,522,550	2,121,804	0	2,534,218	152,053	0	12,188,956	2,462,415	0	16,924,399
37	2012/ 13	254,802	28,899,156	2,311,932	0	2,686,272	161,176	0	13,860,559	2,800,113	0	19,724,512
38	2013/ 14	262,446	31,473,534	2,517,883	0	2,847,448	170,847	0	11,717,482	2,955,321	2,071,778	20,608,056
39	2014/ 15	270,319	34,261,736	2,740,939	0	3,018,295	181,098	0	11,095,436	3,121,612	3,121,612	20,608,056
40	2015/ 16	278,429	37,281,104	2,982,488	0	3,199,392	191,964	0	11,368,837	3,295,510	3,295,510	20,608,056
41	2016/ 17	286,782	40,550,375	3,244,030	0	3,391,356	203,481	0	11,654,648	3,477,340	3,477,340	20,608,056
42	2017/ 18	295,385	44,089,790	3,527,183	0	3,594,837	215,690	0	11,953,395	3,667,438	3,667,438	20,608,056
43	2018/ 19	304,247	47,921,220	3,833,698	0	3,810,528	228,632	0	12,265,624	3,866,154	3,866,154	20,608,056
44	2019/ 20	313,374	52,068,292	4,165,463	0	4,039,159	242,350	0	12,591,906	4,073,853	4,073,853	20,608,056
45	2020/ 21	322,775	56,556,530	4,524,522	0	4,281,509	256,891	0	12,932,835	4,290,916	4,290,916	20,608,056
46	2021/ 22	332,459	61,413,512	4,913,081	8,181,021	4,538,399	272,304	0	13,289,027	4,517,738	4,517,738	20,608,056
47	2022/ 23	342,432	58,488,004	4,679,040	8,727,902	4,810,703	288,642	0	13,661,127	4,754,732	4,754,732	20,608,056
48	2023/ 24	352,705	54,791,848	4,383,348	9,565,870	5,099,345	305,961	0	13,914,953	5,002,325	5,002,325	20,608,056
49	2024/ 25	363,287	49,972,612	3,997,809	9,816,637	5,405,306	324,318	0	14,180,020	5,260,965	5,260,965	20,608,056
50	2025/ 26	374,185	44,527,969	3,562,238	10,078,831	5,729,624	343,777	0	14,456,801	5,531,116	5,531,116	20,608,056
51	2026/ 27	385,411	38,396,786	3,071,743	14,501,521	6,073,402	364,404	0	14,501,521	5,751,422	5,751,422	20,608,056
52	2027/ 28	396,973	27,363,982	2,189,119	14,734,526	6,437,806	386,268	0	14,734,526	5,981,753	5,981,753	20,608,056
53	2028/ 29		14,818,574		0	6,824,074		0	0	0	0	20,608,056
TOTAL		6,924,643	14,818,574	69,395,785	75,606,309	6,824,074	5,144,742	0	264,270,270	79,780,707	64,664,651	20,608,056
Cumulative												
To:	2014/ 15	2,576,198	34,261,736	20,322,023	0	3,018,295	1,520,060	0	92,765,050	20,309,445	5,193,390	20,608,056
To:	2024/ 25	5,768,074	49,972,612	60,572,686	36,291,430	5,405,306	4,050,292	0	220,577,422	62,516,416	47,400,361	20,608,056
To:	2028/ 29	6,924,643	14,818,574	69,395,785	75,606,309	6,824,074	5,144,742	0	264,270,270	79,780,707	64,664,651	20,608,056

1. Agency will begin making Housing Set Aside payments when available tax increment exceeds pre-1986 debt obligations.

Appendix F

Agency Staff Report Regarding Disposition and Development and Owner Participation Agreement for Town Center Mall Project

August 17, 2004

SUBJECT: Disposition and Development and Owner Participation Agreement with Fourth Quarter Properties XLVIII, LLC.

REPORT IN BRIEF

On December 2, 2003, the Redevelopment Agency designated practically all of Block 18 (Town Center Mall site) of the Downtown Specific Plan as a Master Development Area, and directed staff to solicit proposals for its redevelopment from current and prospective property owners. On April 27, 2004, the Agency selected as Master Developer for the site Fourth Quarter Properties XLVIII, LLC, a development entity formed by Forum Development Group and Lehman, ALI.

This report recommends that the Redevelopment Agency enter into the attached Disposition and Development and Owner Participation Agreement (DDOPA) with Fourth Quarter Properties. The DDOPA will require Fourth Quarter Properties, among other things, to: demolish the Mall, the former J.C. Penney building and the Mathilda Avenue parking deck; construct and operate an open-air mixed-use development, containing retail, office and residential uses; build, maintain, repair and replace certain public parking structures; build, maintain, repair and replace certain public streets; and build and maintain a "Redwood Square" of at least 0.8 acres. The DDOPA obligates the Agency to pay Fourth Quarter $800,000 as its share of the demolition cost of the Mathilda Avenue parking deck. The DDOPA also provides for Fourth Quarter to receive payments equal to all of the net new secured property tax generated by this specific development ("project tax increment") up to a cumulative annual cap of $4.0 million, plus 50% of any amount over $4.0 million. The DDOPA also provides for an exchange of land in approximately equal amounts between the developer and the Agency, such that the Agency will own the land under the public streets and public parking structures.

BACKGROUND

The Redevelopment Agency of the City of Sunnyvale was established pursuant to provisions of the community redevelopment laws of the State of California by a resolution of the City Council on November 19, 1957. The Agency oversees only one redevelopment project, the Central Core Redevelopment Project. The area of the project is 184 acres, representing one percent of the area of the city and half of one percent of the city's total assessed property value.

Under California law, redevelopment agencies are granted two powers not otherwise available to cities:

- Power to acquire property for the purpose of resale to a private developer, utilizing eminent domain if necessary.
- Tax increment financing, whereby all increases in property tax (including portions that would normally go to the county, school districts and special districts) flow to the redevelopment agency for the sole purpose of paying back funds borrowed for land acquisition and public infrastructure improvements.

The primary activity of the Agency since its formation was to assist in the development of the Town Center Mall. On March 1, 1978, the Agency entered into a Construction, Operation and Reciprocal Easement Agreement (REA) with Mall developer Sunnyvale Town Center Associates (a limited partnership formed by Ernest W. Hahn, Inc.), Macy & Co., and Montgomery Ward; in 1992, the REA was amended to include J.C. Penney. Among the obligations of the Agency through the REA was the responsibility to construct the parking deck along Mathilda Ave.

In 1977, $16,800,000 of tax allocation bonds were sold to fund the acquisition of property, relocation, demolition and public improvements. Sunnyvale Town Center Associates subsequently purchased a portion of the site from the Agency for $5,500,000, and that amount of bonds was defeased. The bonds were twice refinanced. The current outstanding loan balance is $7,960,000. The debt service is fully covered by current tax increment receipts; the debt is scheduled to be retired in 2023.

Also in 1977, two issues of lease revenue bonds totaling $22,300,000 were sold to construct the parking deck along Mathilda Avenue. These bonds were twice refinanced. The current outstanding loan balance is $14,965,000. The debt service is fully covered by the Agency's current tax increment receipts; the debt is scheduled to be retired in 2023.

Town Center Mall opened on September 26, 1979. After many years of apparently successful operation, Sunnyvale Town Center Associates decided to sell the property. On July 9, 1998, American Mall Properties (AMP) became the new owner. AMP proposed to expand the Mall, by adding 205,000 square feet of new retail space in an outdoor appendage extending to Mathilda Avenue along the McKinley Avenue alignment (extended); it also proposed to add an entertainment component in the form of a 4000-seat, 20-screen movie theater. On March 11, 1999, the City Council approved the expansion plans of AMP, and on December 3, 1999, the REA was amended to accommodate the AMP expansion plan. A major part of the amendment dealt with a land "swap" between the Agency and the developer, wherein the Agency deeded to the developer 5.33 acres of property, including certain properties fronting on

Mathilda Avenue and approximately 1/3 of the parking deck centered roughly along the alignment of McKinley Avenue (extended); the developer deeded to the Agency 4.07 acres of property on the Sunnyvale Avenue side of the property where two new parking structures were planned, and paid the Agency $1,495,000, for the difference in the amount of land exchanged. (This amounted to approximately $27/sq.ft. for the 1.29 acre difference in the land exchange.)

In late 2002, American Mall Properties completed construction of the public parking structure at Sunnyvale and Iowa, funded by Mello Roos Community Facilities District Act Bonds. The debt service on these bonds is paid by the developer through a special property tax which is secured by a lien against the Mall property. Although AMP began some initial demolition of the parking deck and utility relocation, it was unable to proceed with implementation of the approved project due to difficulties in signing retail leases and bankruptcy of their primary lender, Finova. The Finova loan was purchased by San Diego National Bank, which, on May 14, 2002, recorded a Notice of Default against AMP. The default resulted in appointment by the court of a receiver, James Baron, who has since operated the Mall. On June 30, 2002, AMP defaulted on a payment of the Mello Roos bonds and foreclosure proceedings were initiated on behalf of the bond holders. On September 24, 2002, AMP filed for bankruptcy protection. AMP had been negotiating with Harvest Partners of Dallas, Texas, for Harvest to purchase and redevelop the Mall. That deal fell through, presumably because Harvest believed that it could acquire the property more cheaply and free and clear of liens if it purchased it through the bankruptcy sale. In the meantime, on January 18, 2003, the J.C. Penney store closed and the property was purchased by Harvest. Subsequently, Lehman ALI, who had a lesser loan on the Mall, acquired the major loan from San Diego National Bank.

On June 2, 2003, the Chief Building Official ordered that the second level of the parking deck along Mathilda Avenue be closed for safety reasons, noting that the structure "is rapidly approaching the end of its useful, safe life". Attorneys for AMP immediately filed papers with the Agency, alleging that the Agency is responsible, under the REA and a related Parking Lease Agreement, for the repair and replacement of the parking structure. The Department of Public Works estimated that it would cost $15 million to replace the deck in kind (because the Agency owns only approximately 2/3 of the structure, its share of the replacement cost would be about $10 million). Such reconstruction, however, would be contrary to the desire of the developer and of the City to extend McKinley Avenue into Block 18; the more appropriate replacement of 2,400 parking spaces in an above ground structure would cost more than $30 million.

On December 2, 2003, in recognition of the many challenges facing the redevelopment of Block 18 (which challenges included multiple ownership of significant parcels within the block, the deteriorated condition of the parking deck, and the bankruptcy and closure of the Mall), the Agency designated all of Block 18 (except for the Bank of the West property) as a Master Development Area, and directed staff to solicit proposals from owners of property in the Master Development Area and from those who have contracts for purchase of property in the Area. Agency staff transmitted a Request for Proposal to all of the parties designated by the Agency: American Mall Properties, Federated Department Stores, Target Corporation, Harvest Partners, WHL Architects, and Forum Development Group.

One proposal was received, from Fourth Quarter Properties XLVIII, LLC, a development entity formed by Forum Development Group and Lehman ALI. After thorough review of the qualifications and experience of the members of this development entity, and their ability to implement a large and complex mixed-use project, the Agency unanimously acted on April 27, 2004, to select Fourth Quarter Properties as Master Developer for the subject site. (By the time the Master Developer was selected, Lehman ALI had acquired the WHL Architects Building and the former J.C. Penney building from Harvest, giving Fourth Quarter Properties control over all of the private parcels needed to implement its proposal.) An Exclusive Negotiating Rights Agreement was executed between the Agency and Fourth Quarter Properties, and staff was directed to negotiate a business agreement whereby the project could be successfully developed.

EXISTING POLICY

Implementation Plan, Sunnyvale Central Core Redevelopment Project:

Goal 1 Meet the Agency's Existing Financial and Administrative Obligations.

Objective 1.5 Continue to invest in downtown and encourage and nurture private investment in commercial developments.

Goal 2 Establish the downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.

Objective 2.1 Establish a 24-hour downtown with Class A office buildings around a vibrant retail district with easy parking and public transportation and easy access from a variety of housing types.

Objective 2.2 Continue public/private partnerships in the development of office, retail, housing, hotel and open space facilities.

Objective 2.3 Create a unique shopping, dining, entertainment experience in Downtown, combining new restaurants with small shops, major retail stores and theatre with easy, available parking and strong pedestrian connections to other parts of the Downtown.

Goal 3 Implement Specific Actions such as the Provisions of Public Improvements in an attractive and cohesive physical form, which clearly identifies Sunnyvale's downtown.

Objective 3.2 Complete priority streetscape projects to facilitate an attractive pedestrian environment and to promote development on adjacent parcels.

Goal 4 Development and implementation of an overall parking strategy that meets the needs of retail, office, housing and visitor demand

Objective 4.1 Implement overall parking strategy that optimizes parking use based on office, retail, and entertainment peaks.

Objective 4.2 Replace existing public parking as required.

Goal 5 Increase housing opportunities.

Objective 5.2 Encourage mixed housing consisting of market rate and affordable housing in appropriate locations on transit corridors in or near the downtown.

Downtown Specific Plan:

Goal B. Establish the Downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.

Policy B.3.

Improve the Town Center area by reinforcing connections into and through the mall and improve the quality of the tenant mix and the mall's physical environment

Land Use and Transportation Element:

Action Statement C1.2.1 Promote Downtown as a unique place that is interesting and accessible to the whole City and the region.

Policy N1.12

Permit more intense commercial and office development in the downtown, given its central location and accessibility to transit

Action Statement N1.12.1 Use the Downtown Specific Plan to facilitate the redevelopment of downtown.

Socio-Economic Element:

Goal 5.1C Endeavor to maintain a balanced economic base that can resist downturns of any one economic sector

Policy 5.1C.

Support efforts to establish Sunnyvale's downtown area as a strong commercial center for the city.

Community Development Strategy Goals:

Tax Base: to retain and attract businesses which will provide a stable tax base to support City services

Retail Services: to retain and attract businesses which provide a variety of needed retail services for our residents at locations which are convenient for them.

DISCUSSION

In March, 2003, the Agency Executive Director (City Manager) appointed a negotiating team for the Agency consisting of Robert Paternoster, Director of Community Development; Mary Bradley, Director of Finance; and Jerry Keyser, Agency consultant in real estate economics. The team was supported by City Attorney Valerie Armento, and special redevelopment counsel Lee Rosenthal of Goldfarb and Lipman. The Agency set forth three major initial parameters or objectives for the negotiations:

1. To minimize risk for the Agency and the City

   The Agency warned that it did not want a repeat of the present situation, wherein the Agency is still paying back loans for the development of a Mall which has since closed.

2. To recreate as much of the historic public street grid as possible

   The Agency sought to integrate the project into the historic downtown by extending public streets through the project, but desired no additional on-going cost to the City for maintenance and repair of the streets and other infrastructure.

3. To get out of the parking business

   The Agency wanted no responsibility for building, maintaining, repairing and replacing public parking facilities, noting the present problems with deterioration of the parking deck along Mathilda Avenue.

In subsequent meetings with the negotiating team, the Agency added three other parameters or objectives:

4. None of the new sales tax generated by the project and other revenues flowing to the City's General Fund should be committed to the developer to support the project, although the Agency and City are willing to consider investing in the project an amount equal to some portion of the new project-generated secured property tax which flows to the Agency (the "project tax increment").

5. Any unanticipated windfall in project tax increment should be shared equally between the Agency and the developer.

6. The developer should place underground as much parking as is feasible.

Summary of Proposed Business Deal:

The negotiating team conducted a series of day-long negotiations with representatives of Forum Development Group and Lehman ALI, and met frequently during the course of the negotiations with the Redevelopment Agency in Closed Session. The negotiating team is pleased to report to the Agency that it has negotiated a proposed business deal which it believes meets all of the parameters and objectives set forth by the Agency. The main elements of that agreement are as follows:

- The developer will demolish the Mall, the former J.C. Penney building, and the parking deck along Mathilda (Macy's and Target will remain on their parcels, as will the new parking structure at Sunnyvale and Iowa Avenues). In accordance with the existing Reciprocal Easement Agreement, the Agency will pay the developer for demolishing the Agency's portion of the parking deck an amount of $800,000 (2/3 of the $1.2 million demolition estimate of the Department of Public Works, because the Agency owns 2/3 of the structure and the Mall owns the remaining 1/3).

- The developer and the Agency will exchange land of approximately equal area[1] and equal value as shown in Attachment A. The Agency will obtain fee title to the land where the public parking structures are located (excepting that area of the parking structures over which private residential units are developed), and to all of the land under the new street grid, guaranteeing that the public will have perpetual control over these rights-of-way.

[1] The Agency will transfer 3.38 acres to the developer; the developer, in turn, will transfer 3.62 acres to the Agency. Therefore, the Agency actually comes out slightly ahead in the land swap.

- The developer will build, maintain, repair and replace all parking structures. A minimum of 5651 parking spaces will be provided (inclusive of the private parking spaces for the residential units), 1667 of which will be underground. The City, Agency, and developer will cooperate to provide Mello-Roos financing to "take out" the construction financing arranged by the developer for the public parking structures. This special financing, authorized by the State, will provide a lower interest rate to the developer. The developer will pay the debt service through a special tax on its property, which will be the sole collateral for the loan. The City and the Agency will bear no financial risk or obligation for payment of debt service. Should the property owner fail to pay the special tax for debt service on the bonds, the City may be obligated to participate in an accelerated foreclosure process on behalf of the bond holders. City costs for this process are ultimately recoverable from the developer.

- The developer will build, maintain, repair and replace all public streets in Block 18. The developer will also construct all sidewalks within the block and along the adjacent streets which bound the block; these sidewalks will be consistent with the Downtown streetscape standards, including new street lights, decorative paving, benches, waste receptacles, and street trees in decorative grates.

- The developer will construct and maintain a "Redwood Square" of at least 0.8 acre around the six heritage redwood trees, and make it available at no cost to the City for public events up to 15 times per year. The square is intended to remain open to the public at all times.

- The developer will establish a private security force to provide a high level of security and traffic control for the project, such that the Department of Public Safety will not be required to provide routine patrol, but will respond to emergencies, crimes in progress and other events that are beyond the scope of routine patrol.

- Upon approval of the City Council of a Special Development Permit, the Developer will build, lease and operate a mixed-use, open-air development consisting of approximately 1.0 million sq. ft. of retail (including a 2950-seat movie theater complex and existing Macy's and Target stores), and 275,000 sq. ft. of office; and will enter into agreement with another developer or developers to construct up to 292 for-sale housing units.

- In consideration for the above, and in particular for replacing the Agency's Mathilda Avenue parking deck, for placing a substantial amount of the new parking underground, and for constructing, repairing and replacing public streets and other public amenities, the developer will receive annual payments[2] equal to the project tax increment. The project tax increment is the increase in secured property tax generated by the development over and above the existing secured property tax (2003-2004 secured tax roll) which flows to the Agency after deduction of required set asides and payments to other taxing entities. The annual payments will be made for each year between the base year of 2003-2004 and the expiration of the project on November 26, 2026[3]; however, no funds will be payable to the developer until the first year after completion of the project. The estimated present value of this tax increment is $39.5 million[4]. To protect against an unanticipated windfall to the developer, the payments will be limited to a cumulative cap of $4.0 million/year, plus an amount equal to 50% of any tax increment in excess of this limit.

The negotiating team believes that the proposed business deal achieves all of the objectives of the Agency. Paramount among these is the minimization of risk to the Agency and the City. Under this agreement, the Agency and the City will borrow no money (no new debt), will construct no streets, parking facilities or other infrastructure, and will assume no additional responsibility for infrastructure maintenance, repair or replacement. Rather, the developer assumes:

- All construction risk

  Because the developer is designing and constructing all improvements, including all public streets and public parking

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[2] The annual payment will initially come from the City (by way of lease payments under the Public Parking City Lease) and will be made from revenues the City receives from the Agency for repayment of past City loans to the Agency. Once those loans are repaid, the annual payment will be made directly by the Agency with tax increment funds. By using the existing loans from the City as the vehicle for making the annual payment, the Agency avoids encumbering new debt that would trigger set asides which would reduce the available tax increment. No City General Funds will be used to make the annual payment.

[3] Although the project currently expires on November 26, 2025, the State has authorized the City, pursuant to SB 1045, to extend the expiration date by one year to compensate for the Agency's payment to the State in fiscal year 2003/2004 of a portion of the tax increment funds which would otherwise flow to the Agency in order to help balance the State budget.

[4] The estimated tax increment is based upon the assumption that the present $118 million limit on annual tax increment for the entire Central Core Redevelopment Project is increased, as directed by the City Council on August 12, 2003. The proposed increase in the tax increment limit will allow for sufficient tax increment over the life of the Project to make this redevelopment of Town Center Mall economically feasible, and will yield additional tax increment funds to the Agency for use within the Project area.

structures, the developer will be responsible for any and all cost overruns.

- All financing risk

  Because the developer is financing the construction of all of the improvements, the developer assumes the risk that interest rates and other borrowing terms will become less desirable in the future.

- All performance risk

  The amount of secured property tax increment generated by the project is dependent upon the developer's performance in building a center of high value and maintaining that value through proper leasing and operation. Because the annual payments to the developer are based only on the amount of secured tax increment which the project actually generates each year (i.e., the Agency does not guarantee the developer any specific amount), the full risk for performance rests with the developer. This is particularly important should the project be forced to close down, as is the present case with the Mall.

- All responsibility for maintenance, repair, and replacement

  Unlike the present situation, where an argument can be made that the Agency is responsible for the repair and replacement of a deteriorated parking facility, the agreement clearly places sole responsibility for maintenance, repair and replacement of the parking facilities and of all of the public streets upon the developer.

The proposed agreement imposes two financial responsibilities upon the Agency and City. First, the Agency will reimburse the developer for the cost of demolishing the Agency's portion of the Mathilda parking deck. Specifically, the Agency will pay the developer $800,000.

Second, the developer will receive annual payments equal to the secured property tax generated from Block 18 due to the construction of the project ("project tax increment"), up to a cumulative maximum limit of $4.0 million per year, plus an amount equal to 50% of the tax increment in excess of this limit. Keyser Marston, consultant to the Agency, has estimated the present value of the total annual payments to the developer through 2026 to be approximately $39.5 million. Keyser Marston has also informed the Agency that a project of this proposed complexity and risk, which essentially rebuilds Downtown Sunnyvale, is not economically feasible without a contribution of this magnitude by the Agency. In partial return for the Agency's contribution, the developer would:

Relieve Agency of parking deck replacement cost	$10.0 million
Place 1442 new parking spaces underground	11.5 million
Construct streets and sidewalks	11.0 million
	$ 32.5 million

In accordance with the direction of the Agency, all of the sales tax revenue generated by the development will flow to the General Fund. This represents new General Fund revenue for the City of approximately $2.0 million per year.

Disposition and Development and Owner Participation Agreement (DDOPA):

The Disposition and Development and Owner Participation Agreement (DDOPA) is the legal agreement between the Redevelopment Agency and Fourth Quarter Properties XLVIII, LLC, which provides for the redevelopment of Block 18 of the Downtown Specific Plan. It provides the mechanism for property transfers between the Agency and the developer, for construction by the developer of specified public and private improvements which constitute the project, and for certain payments to the developer to support the construction of the public improvements.

The DDOPA includes all of the elements of the proposed business deal summarized above. It also sets forth performance criteria for the developer, in the form of specific milestones which must be achieved or else the Agreement will terminate. The key milestones are: the developer must close escrow on the Mall property by September 30, 2004; the developer must submit to the Agency the agreement with the residential developer or developers by December 31, 2004; and, the developer must close escrow on the land exchange with the Agency by April 30, 2005. The developer is expected to commence construction no later than June 31, 2005, and must complete construction of the entire project within 24 months.

The DDOPA also requires the developer to be supportive of the existing Downtown business community, and to minimize negative impacts of construction activity upon these businesses. Specifically, the developer is required to meet at least monthly with Downtown businesses during construction, and to prepare and implement a construction mitigation program which will prescribe construction truck travel routes, location of construction worker parking, enforcement mechanisms to keep workers and suppliers out of retail customer parking spaces, and signs indicating that stores are open for business during construction. The developer and his contractors are also required to meet regularly with a representative of the City to facilitate coordination with City agencies and to resolve construction issues affecting Downtown businesses and residents. The developer is required to make good faith efforts to attract local merchants to lease spaces in the new development. The developer is also required to be supportive of a business improvement or property improvement district, if one is formed to support Downtown businesses, and to work with the Downtown business community in producing special events, programs and advertising to promote the entire Downtown area.

The DDOPA also requires that all contractors and subcontractors pay prevailing wages, pursuant to Labor Code Sections 1720 et. seq. and regulations of the California Department of Industrial Relations.

A copy of the DDOPA accompanies this report. The DDOPA incorporates five other legal documents as described below:

- Public Street Maintenance Agreement: providing for the developer to operate and maintain the publicly owned streets and sidewalks within the boundaries of the project.

- Public Parking Construction Lease: Agency lease to developer of parcels where public parking is to be constructed to allow developer to undertake construction; this lease will terminate upon completion of construction and purchase of the completed parking with Mello-Roos bond proceeds.

- Public Parking City Lease: Agency lease of the public parking to the City that is to go in effect when the public parking is completed and purchased with the proceeds of the Mello Roos bonds.

- Public Parking Maintenance Agreement: providing for the developer to operate, maintain and replace the publicly owned parking within the boundaries of the project.

- Interim Mathilda Parking Agreement: Providing for developer to operate and maintain the public parking closest to Mathilda prior to construction of the project.

In accordance with Section 33433 of the California Health and Safety Code, the Agency is required to prepare a report to inform the public about the terms of the land transfers proposed in the DDOPA. Attachment C to this document is a copy of the required report.

Alternative Development Scenarios:

At the request of the Agency, staff and consultants have considered alterative scenarios for development of Block 18 should the Agency choose not to approve the DDOPA with Fourth Quarter Properties. Three possible alternatives have been identified and evaluated:

1. Do nothing

   Under this scenario the Agency would offer no financial support (such as transfer of tax increment) to support development. The parking deck would be demolished for safety reasons, and replaced with a surface lot at a cost to the Agency of approximately $3 million. This may result in the owner of the Mall property suing the Agency over its failure to meet its alleged obligations to replace the parking deck.

2. Rebuild the parking deck

   Under this scenario the Agency would agree to rebuild the parking deck or pay the Mall property owner the cost of rebuilding it (approximately $10 million). There would be no additional financial support to the developer, such as transfer of tax increment. Development would proceed as on any other privately owned site within the zoning requirements for the site (allows 1,007,876 sq. ft. of retail including Macy's and Target, 282,000 sq. ft. of office, and 292 housing units).

3. Acquire property and offer it for development

   Under this scenario the Agency would acquire the property owned by American Mall Properties and Lehman ALI, using eminent domain, if necessary. This 24.81 acres would be combined with the 11.84 acres owned by the Agency, and a developer would be sought through a Request for Proposals, with development limited to that currently permitted by zoning. The Agency would require that the street grid be reestablished as in the Fourth Quarter proposal.

The table on page 14 compares these three alternatives to the current proposal.

Evaluation of Alternative Development Scenarios

Alternative Scenario	Development in 5 years	Construction Start	Cost to Agency		Projected Average Annual Revenues		Indirect & Immeasurable Costs & Benefits
			Parking Deck	T.I. Transfer	Property T.I. to Agency	Sales Tax to City	
Do nothing	None	Unknown	$3.0 million (demolition & replacement with surface parking)	$0	None for 5 years	None for 5 years	Long and costly court battle likely Negative impact on surrounding businesses and property values Negative image for Sunnyvale Macy's may close
Rebuild Parking Deck	900,000 sq. ft. "big box" retail 292 housing units	2007	$10.0 million	$0	$2.8 million	$1.9 million	New shopping opportunities at low price point Substantial new sales tax Scale of "big box" center incompatible with historic Downtown Potential conflict between shopping center and existing neighborhoods & new housing Macy's may close
Acquire and Offer for Development	1.0 million sq. ft. retail 275,000 sq. ft. office 292 housing units	2007	$0	$35.0 million (1)	$4.0 million	$2.0 million	Long-term positive impact on surrounding property values Positive image for Sunnyvale (restored Downtown) Positive impacts on surrounding businesses after 4 years of negative impacts Risk of unanticipated acquisition cost (particularly if eminent domain used)
Current Proposal of Fourth Quarter Properties	1.0 million sq. ft. retail 275,000 sq. ft. office 292 housing units	2005	$0	$39.5 million	$4.0 million	$2.0 million	Benefit of continued forward momentum Long-term positive impact on surrounding property values Positive image for Sunnyvale (restored Downtown) Positive impacts on surrounding businesses after 2 years of negative impacts

[1] Assumes developer would reimburse Agency for all costs of all land acquisition, but would require same financial support as current proposal. Less tax increment is available than for current proposal because of two-year delay in opening the center.

The "Do Nothing" alternative requires the least initial expenditure of public funds, but also has the most dire negative impacts. The property would eventually develop, but when and with what is uncertain. The second scenario, "Rebuild Parking Deck," allows a developer to follow market forces and maximize its return. More than a third of the $2.8 million annual secured property tax increment would be used to pay off the debt incurred to rebuild the parking deck. The market-driven project would most likely be what is commonly known as a "power center," a suburban style shopping center composed of very large national retailers surrounded by predominantly surface parking.

The third scenario is very similar to the current proposal, because in both cases the City is directing the developer to channel market forces into the rebuilding of a traditional downtown. Because the economics of both are the same (with high front-end costs for parking structures, public streets and other infrastructure), it is assumed that the cost to the Agency would be the same. The main difference between the two is that acquisition by the Agency would delay construction by two years and could lead to unanticipated acquisition costs, particularly if eminent domain is used to acquire the property; the Agency would risk that the developer might not be able to reimburse the Agency for these costs without making the project economically infeasible.

FISCAL IMPACT

Approval by the Agency of the Disposition and Development and Owner Participation Agreement requires no expenditure of funds by the City of Sunnyvale (General Fund). The Redevelopment Agency would incur two financial obligations. First is the $800,000 for the demolition of the parking deck. These funds have been programmed in the Twenty Year Resource Allocation Plan adopted by the City Council on June 15, 2004. Second is the transfer to the developer of all project-generated secured property tax increment between the base year of 2003-2004 and the project termination on November 26, 2026, up to a cumulative maximum of $4.0 million per year. These funds do not exist today, and will only materialize if and when a project is developed; they flow to the Redevelopment Agency and can be used only to support the Central Core Redevelopment Project. In addition, an estimated $200,000 per year of unsecured property tax will flow from the project to the Agency and will not be transferred to the developer.

The completed project is estimated to generate approximately $2.0 million per year in new sales tax for the City's General Fund. It will also pay a one-time construction tax of approximately $450,000. In addition, Fourth Quarter will pay the City approximately $1.5 million for construction plan check and inspection services and $60,000 for processing its application for planning approval.

The project will result in no net increase in infrastructure cost to the City. The developer will be required, through the Disposition and Development and Owner

Participation Agreement and the Conditions of Approval of the Special Development Permit, to construct at its cost all streets and sidewalks, and to improve all affected intersections around the periphery of the project. Sidewalk improvements will be made along Mathilda, Washington, Sunnyvale and Iowa, including enhanced paving, new streetlights, benches, and street trees with ornamental grates. Unlike most other public infrastructure, the developer will also be required to repair and replace all streets and sidewalks within the boundaries of its project.

In addition, the project will contribute to provision of public infrastructure on a city-wide basis through the payment of impact fees, approximated as follows:

Traffic impact fee	$1.5 million
Park Dedication fee	$1.5 million

The project will also pay utility connection fees in the amount of $1.4 million to recover the full costs of the developer "buying into" the City's water and sewer systems. The project will also pay the Sunnyvale School District and Fremont Unified High School District impact fees of approximately $1.2 million.

With regard to ongoing service costs to the City, both Public Works and Parks and Recreation estimate that there will be no or minimal increases in demand for general City services. The City's utility rates for water, sewer, and refuse cover all ongoing costs for these services on a full cost recovery basis.

In April, 2001, the Public Safety Department commissioned a study by Hughes, Perry & Associates entitled "Evaluation of the Impact of Projected Downtown Development on Public Safety Department Workload and Staffing." This study was based on development projected to occur in the entire downtown at that time. This projected development included 674 dwelling units, 762,000 sq. ft. of office development, 1 million sq. ft. of retail and recreation, and a 150-room hotel. This study has not been updated to reflect current plans, nor has it been objectively verified. Nonetheless, its conclusions are helpful in projecting potential future costs.

Hughes, Perry & Associates concludes that there will be no measurable impact on fire services because of existing capacity in the fire area. In the police service area, they project 456 additional police calls for residential, a range of 3,456 to 1,788 calls for retail/entertainment, 343 additional calls for office, and 49 for a hotel. The report goes on to translate these calls into new positions needed, giving a low range of four new police positions and a high range of eight. To accommodate these projections, a total of $1 million for seven new positions has been reflected in the General Fund long-range financial plan. This cost is attributed to the redevelopment of the entire Downtown, of which the Fourth Quarter project is only a part.

Summary of Fiscal Impact

	Agency		City	
One-time impact				
Cost	- $0.8 M	demolition	$0.0	
Income	$0.0		$6.5 M	fees & taxes
Net	- $0.8 M		+$6.5 M	
Annual impact				
Cost	- $4.0 M		- $1.0 M	public services
Income	$4.0 M	project tax increment	$2.0 M	sales tax
	$0.2 M	unsecured property tax		
Net	+$0.2 M		+$1.0 M	

ENVIRONMENTAL REVIEW

A Mitigated Negative Declarative (ND) has been prepared for the Town Center Mall Redevelopment Project, tiered off the 2003 Final EIR for the Downtown Improvement Program Update. The ND evaluates site specific environmental impacts of the Special Development Permit and the Disposition and Development and Owner Participation Agreement that were not evaluated in the EIR. It is the responsibility of City Council to adopt the ND. Once adopted, the ND must be considered by the Agency prior to acting on the DDOPA.

PUBLIC CONTACT

On July 29, 2004, nearly three weeks prior to scheduled action by the Redevelopment Agency, a draft of this report and a draft of the recommended Disposition and Development and Owner Participation Agreement were made available to the public at the Department of Community Development, the City Clerk's Office and the Library; in addition, they were posted on the City's web site.

On August 2, 2004, two Open Houses were held at the Heritage Center to provide an opportunity for the public to ask questions regarding the proposed development plan and DDOPA. They were held at 1:00 p.m. and at 7:00 p.m. Staff and representatives of the developer were present to explain the plans and documents and to answer questions.

The public hearing before the Redevelopment Agency and the two Open Houses were announced to the public through advertisements in the Sunnyvale Sun and the San Jose Mercury News, by posters placed in public buildings, by mailed a notice to over 2000 individuals and businesses on a mailing list compiled for this project, by posting on the City web site, and by announcements on KSUN. The Council agenda was posted on the City's official notice bulletin board.

ALTERNATIVES

1. Approve the Disposition and Development and Owner Participation Agreement With Fourth Quarter Properties XLVIII, LLC (DDOPA).
2. Approve the DDOPA as revised by the Agency.
3. Do not approve the DDOPA and direct staff to demolish the Mathilda parking deck.
4. Do not approve the DDOPA, authorize staff to take steps to replace the Mathilda Avenue parking deck, and direct staff to work with the other parties to the existing Reciprocal Easement Agreement to devise a feasible development plan with no financial support from the Agency.
5. Do not approve the DDOPA and direct staff to return to the Agency with a strategy for the Agency to acquire the site and sell it to a developer selected through a request for proposals process.

RECOMMENDATION

Staff finds the proposed project and the DDOPA to be consistent with the goals and objectives of the Implementation Plan for the Sunnyvale Core Redevelopment Project, as set forth in the Existing Policy section of this report.

Staff also believes that the development plan submitted by Fourth Quarter Properties achieves the vision of the 2003 Downtown Specific Plan: to create "an enhanced, traditional downtown serving the community with a variety of destinations in a pedestrian-friendly environment". The isolation of an interior-oriented mall is replaced by an open-air project on public streets which recreate much of the original street grid, thereby integrating the new development with the historic downtown. This redevelopment should have the positive spin-off effect of stimulating substantial redevelopment and property improvements elsewhere in Downtown. At the request of the Agency, the developer has made all of the housing units for-sale, and placed nearly 30 percent of the parking underground. The developer has also agreed to take all responsibility for construction, repair and replacement of parking structures, completely removing the City and the Agency from the "parking business."

An independent analysis by Keyser Marston Associates of the projected income and costs to the developer (the proforma) has indicated that these concessions to the desires of the City of Sunnyvale have added significant cost to the project and have made it economically infeasible without financial support from the Agency. Specifically, the assumption by the developer of responsibility for the Mathilda Avenue parking deck has relieved the Agency of a $10.0 million obligation. The underground placement of 1442 new parking spaces will cost the developer approximately $11.5 million more than placing those spaces in above-ground parking structures. In addition, the developer will construct streets and sidewalks which, if built by the City, would cost $11.0 million.

Staff believes that the public benefit achieved through these costly concessions by the developer, together with the developer's proposal to rebuild a substantial portion of Downtown Sunnyvale, are worth the $39.5 million present value of the proposed payments based on project generated secured tax increment. These funds will flow to the Agency only when and if the project is developed; no new tax increment will exist if the Mall is not redeveloped. The $800,000 cost of demolishing the Agency's portion of the parking deck is a current obligation of the Agency, and will be required whether or not this project proceeds.

Staff believes that the negotiating team has brought forward a proposed agreement which meets all the parameters and objectives set forth by the Agency. The Agency is not required to acquire property or to assume additional debt, and is not guaranteeing to the developer any minimum annual payment. The City is not required to commit monies from the General Fund. All of the financial, construction, and performance risk is assumed by the developer. The development will create 37 below market rate housing units and ultimately generate approximately $25 million of tax increment funds to be set aside, in accordance with State law, for construction of affordable housing. There is no cost to the City or Agency for construction, maintenance and repair of new infrastructure. In addition, the City's General Fund will benefit from an estimated $2 million per year in new sales tax revenue, a portion of which (up to $1 million) may be budgeted for increased Police services in the Downtown.

Staff believes that Alternative 3 (the "do nothing" scenario) would at best preserve an unsatisfactory status quo, but would more likely result in a downward spiral of Downtown as a lengthy court battle unfolds. Alternative 4 (the "rebuild the parking deck" scenario) would result in a financially successful retail project, but as a "big box" center, it would not meet the City's goal to rebuild a traditional downtown. Alternative 5 (the "acquire and offer for development" scenario) would have the same long-term positive benefits of the Fourth Quarter proposal, but would require considerable additional effort by the City and would delay construction by about two years.

Therefore, staff recommends that the Agency adopt Alternative 1.

Prepared by:

Robert Paternoster
Secretary, Redevelopment Agency

Reviewed by:

Mary Bradley
Treasurer, Redevelopment Agency

Approved by:

Amy Chan
Executive Director, Redevelopment Agency

Attachments:

A. Proposed Land Exchange Between the Agency and the Developer

B. Disposition and Development and Owner Participation Agreement with Fourth Quarter Properties XLVIII, LLC.

C. Summary Report Pursuant to Section 33433 of the California Health and Safety Code

D. Resolution Approving the Disposition and Development and Owner Participation Agreement and Authorizing the Executive Director to Execute and Implement Agreements

Appendix G

Five Year Implementation Plan
FY 2004/05 to FY 2008/09

Five-Year Implementation Plan FY 2004/05 to FY 2008/09

January 2005

Prepared by

Sunnyvale Redevelopment Agency
456 West Olive Avenue
Sunnyvale, CA 94088

and

Seifel
CONSULTING INC.

1388 Sutter Street
Suite 520
San Francisco, CA 94109
Tel 415.931.9600
www.seifel.com

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Five-Year Implementation Plan
Sunnyvale Central Core Redevelopment Project

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Tables

I. Introduction

Section 33490 of the California Community Redevelopment Law (the "CRL") requires that a redevelopment agency administering a redevelopment plan prepare and adopt a five-year implementation plan for its project areas. The principal goal of the implementation plan is to guide an agency in implementing its redevelopment program to help eliminate blighting influences. In addition, the affordable housing component of the implementation plan provides a mechanism for a redevelopment agency to monitor its progress in meeting both its affordable housing obligations under the CRL and the affordable housing needs of the community. In effect, the implementation plan is a guide, incorporating the goals, objectives and potential programs of an agency for the five-year implementation plan period, while providing flexibility so the agency may adjust to changing circumstances and new opportunities.

This document constitutes the FY 2004/05 through FY 2008/09 Implementation Plan for the Sunnyvale Central Core Redevelopment Project Area (the "Project Area"), which was established in 1975. This Implementation Plan outlines the program of revitalization, economic development, and housing activities of the Redevelopment Agency of the City of Sunnyvale (the "Agency") for FY 2004/05 through FY 2008/09, the required five-year planning period.

A. Organization

Generally, the implementation plan must contain the following information:

- Specific goals and objectives for the next five years for both housing and non-housing activities.
- Specific programs and expenditures for the next five years for both housing and non-housing activities.
- An explanation of how the goals, objectives, programs and expenditures will assist in the elimination of blight and in meeting affordable housing obligations.

Chapter I provides a basic discussion of the CRL requirements, Project Area description, Agency accomplishments to date, and goals and objectives for the Project Area. Chapter II summarizes the proposed non-housing activities and related revenues and expenditures for the five years, and a description of the blighting conditions and how they will be alleviated by the activities. Chapter III addresses housing activities and expenditures, and tracks Agency progress in meeting its affordable housing obligations.

B. Interpretation

The Implementation Plan is intended to provide general guidance for the implementation of the Agency's programs and activities. The Agency expects that particular constraints and opportunities, not fully predictable at this time, will arise in the course of undertaking the projects and activities described in this Implementation Plan over the next five years. Therefore, the Agency intends to use and interpret this Implementation Plan as a flexible guide. The Agency acknowledges that specific projects and activities as actually implemented over the next five years may vary in their precise timing, location, cost, expenditure, scope and content from those set forth in this document.

C. Description of the Redevelopment Plan and Project Area

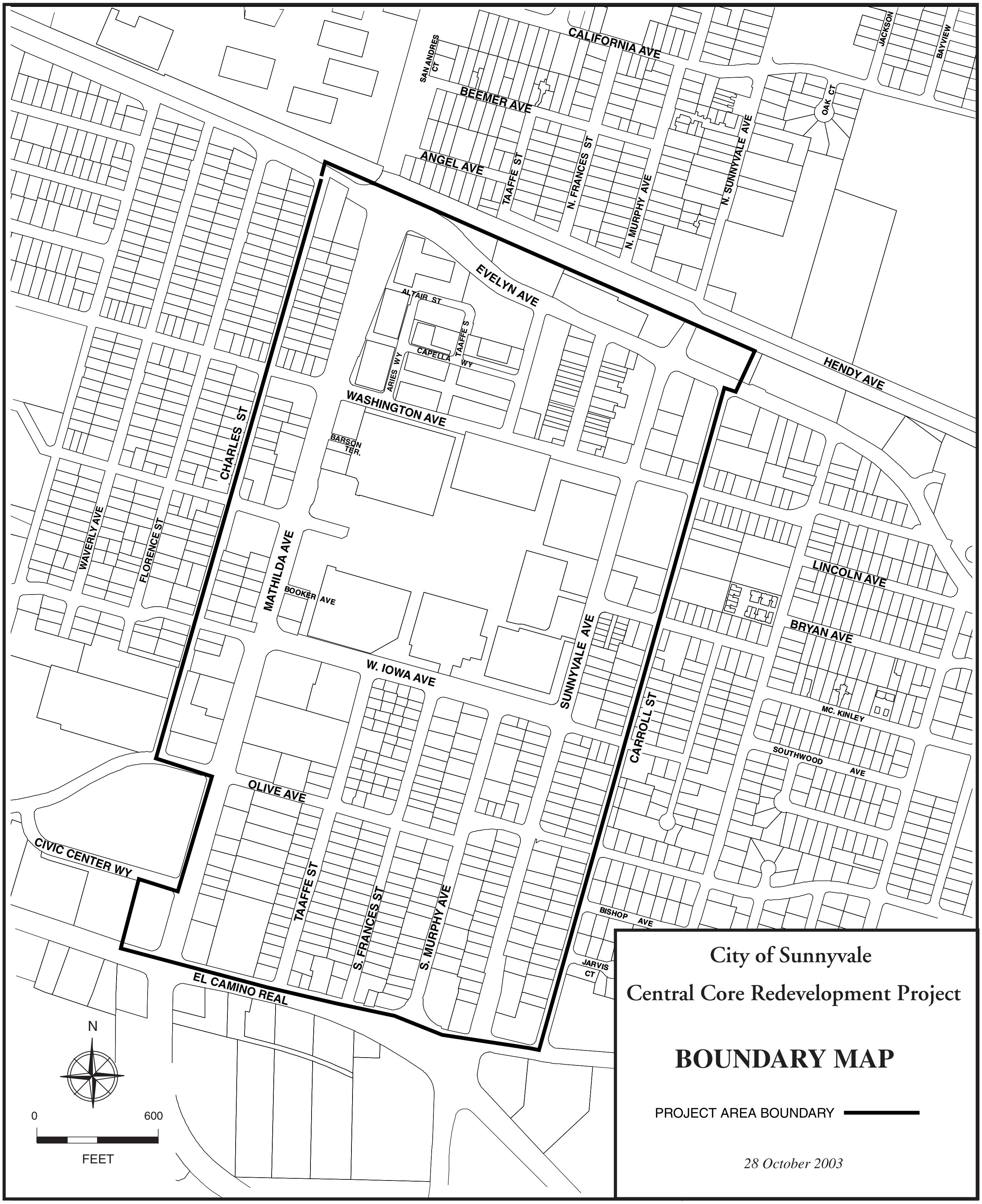
The Redevelopment Plan for the Central Core Redevelopment Project (as amended, the "Redevelopment Plan") was adopted by the Sunnyvale City Council in November 1975. The Sunnyvale Central Core Redevelopment Project Area consists of 184 acres, including the Central Business District. Table I-1 below provides a summary of the time and financial limits of the Redevelopment Plan for the Project Area. The boundaries of the Project Area are shown in Figure I-1.

Table I-1
Summary of Sunnyvale Central Core Redevelopment Plan
Time and Fiscal Limits

	Sunnyvale Central Core Project Area
Background Information	
Total Acres	184
Date of Adoption	11/26/1975
Time Limits	
Incurring Debt	01/01/2004
Plan Effectiveness (Project Activities)	11/26/2015
TI Collection/Repayment of Debt	11/26/2025
Eminent Domain	1/13/2012[a]
Financial Limits	
Tax Increment Cap	$118 million
Bond Limit	None specified

a. Only on non-residential properties in the Project Area, excluding properties on which persons reside.
Source: City of Sunnyvale Redevelopment Agency.

The purpose of establishing the Redevelopment Plan was to eliminate blight and to stimulate private development of the downtown core area. One of the Agency's original activities was to assist in the development of the 750,000 square foot Sunnyvale Town Center shopping mall, which was opened in 1979. The Agency's assistance included land assembly and disposition and financing of necessary off-site improvements. Financing of Project Area activities has included tax allocation bonds, certificates of participation secured by revenue from an Agency-owned parking facility, and other City loans.


CALIFORNIA AVE
SAN ANDRES CT
JACKSON
BAYVIEW
BEEMER AVE
OAK CT
ANGEL AVE
TAAFFE ST
N. FRANCES ST
N. MURPHY AVE
N. SUNNYVALE AVE
EVELYN AVE
ALTAIR ST
TAAFFE S
CAPELLA WY
ARIES WY
HENDY AVE
WASHINGTON AVE
BARSON TER.
CHARLES ST
MATHILDA AVE
BOOKER AVE
WAVERLY AVE
FLORENCE ST
LINCOLN AVE
BRYAN AVE
SUNNYVALE AVE
W. IOWA AVE
MC. KINLEY
SOUTHWOOD AVE
CARROLL ST
OLIVE AVE
CIVIC CENTER WY
TAAFFE ST
S. FRANCES ST
S. MURPHY AVE
BISHOP AVE
JARVIS CT
EL CAMINO REAL
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600
FEET
City of Sunnyvale
Central Core Redevelopment Project
BOUNDARY MAP
PROJECT AREA BOUNDARY
28 October 2003

D. Project Status

For various reasons, including the limitation on and roll-back of property tax rates mandated by Proposition 13 soon after adoption of the Redevelopment Plan, tax increment revenue allocated to the Agency was insufficient to pay the annual debt service on the Agency's Central Core Tax Allocation Bonds (the "TABs") and parking facility Certificates of Participation (the "COPs") until recent years. Consequently, the Agency entered into a Repayment Contract with the City in 1977 (the "1977 City Loan") to repay the City for costs paid on its behalf, plus 8% interest on the unpaid balance. The funds used to repay the City are generated from tax increment revenue, but the City loan obligation is subordinate to Agency debt service payments due on its TABs and COPs. While tax increment revenues in the last few years have been sufficient to meet the Agency's annual debt service, the outstanding balance of the City Loan continues to grow as a result of annual interest costs. In addition, the Agency needed to borrow additional funds from the City in FY 1993/94 (the "1994 City Loan") and FY 2001/02 (the "Plaza Loan") to fund operating and capital costs.

In 1986, the legislature imposed a new statutory obligation on Redevelopment Agencies to set aside 20 percent of the tax increment revenue generated in a Project Area each year in a special fund for the provision of affordable housing (the "Housing Fund"). Agencies that had issued debt secured by tax increment prior to January 1, 1986 and needed all of their tax increment to repay this pre-existing debt were not required by the CRL to make deposits into the Housing Fund through FY 1993/94 if they made appropriate findings. The Agency made the findings under the CRL that exempted it from the obligation to make such Housing Fund deposits through FY 1993/94. Starting in FY 1994/95, the Agency has deferred deposits into its Housing Fund under a separate provision of the CRL that allows deferrals to the extent that tax increment revenue is insufficient to make full deposits due to its pre-1986 debt obligations. Given the Agency's significant pre-1986 debt obligation of $55,685,000, the Agency is projected to defer deposits to the Housing Fund on this basis for many years. The deferred deposits will become an additional debt that the Agency must repay once sufficient tax increment revenue becomes available. As of the beginning of FY 2004/05, the Agency has accumulated a deficit in the Housing Fund of $5,492,253. The outstanding balances, including principal and accrued interest on all of the Agency's debt obligations as of the beginning of FY 2004/05 are as follows:

Table I-2
Outstanding Agency Debt Obligations as of June 30, 2004
(Rounded to Nearest $1000)

	Pre-1986 Debt	Post-1985 Debt	Total Debt
Central Core Tax Allocation Bonds	$7,894,000		$7,894,000
Parking Facility Certificates of Participation	$14,965,000		$14,965,000
1977 City Loan	$32,826,000		$32,826,000
1994 City Loan		$14,104,000	$14,104,000
Plaza Loan from City		$1,787,000	$1,787,000
Total Non-Housing Debt Obligations	$55,685,000	$15,891,000	$71,576,000
Housing Fund Deficit		$5,492,000	$5,492,000
Total Obligations	$55,685,000	$21,383,000	$79,068,000

Source: Sunnyvale Redevelopment Agency

In summary, the Agency's current annual tax increment revenue of about $4 million is now sufficient to pay debt service on the pre-1986 TABs and COPs, but is insufficient to reduce the balance of the 1977 City Loan or to make any current deposits to the Housing Fund (thus incurring an additional Housing Fund deficit that must be repaid later). Furthermore, there is no remaining tax increment revenue for the Agency to pay general administrative costs or to undertake new activities. Any such administrative costs and new activities can only be undertaken with additional monetary advances from the City, the repayment of which will come far in the future, given the Agency's existing obligations and annual tax increment revenue flow.

E. Agency Accomplishments FY 1999/00 – FY 2003/04

The lack of uncommitted revenue received from FY 1999/00 through FY 2003/04 precluded the Agency from formally initiating any large scale redevelopment projects or directly funding any redevelopment activities. The revenues received during this time period were used to meet debt obligations. However, the Agency has continued to facilitate and promote activities in the Project Area that will improve the downtown and alleviate factors that contribute to blight. Agency activities during the previous Implementation Plan period have included the sale of land through a Disposition and Development Agreement for the Mozart development, reinstating eminent domain on non-residential property in the Project Area, and completing the selection of a developer to redesign the Town Center Mall.

F. Overview of Future Activities

While there will be no uncommitted tax increment revenue available to the Agency during the five-year Implementation Plan, the Project Area continues to require public support to achieve the goals of eliminating blight and revitalizing downtown. In 2003, the City Council updated the Downtown Specific Plan (the "Specific Plan"), which sets forth two main goals for the Downtown Commercial Core District: (1) to link the different blocks together into a cohesive downtown core and (2) to create a lively street life on all primary streets. The Specific Plan and Redevelopment Implementation Plan continue to set the context for the downtown area's growth and redevelopment. To continue the Project Area revitalization effort in the manner envisioned by the Specific Plan, the Agency and the City are currently implementing programs envisioned in the Specific Plan. Consequently, the Agency's major activities for the coming five years will be twofold:

1. To meet the Agency's existing financial and administrative obligations, and
2. To work with the City to implement the Specific Plan.

The Project Area continues to need redevelopment attention, particularly the central area surrounding the Town Center Mall. Retail activity at the Town Center Mall declined dramatically in the 1990s and the owners of the mall filed bankruptcy in 2002. The City and the Agency have been working with the court-appointed Receiver and the selected Town Center Mall developer to develop a plan to revitalize the mall and replace the obsolete and deteriorated parking structure. The City Council, on August 17, 2004, approved the demolition of the old Town Center Mall and its replacement with one million square feet of retail space, 292 housing units, 282,000 square feet of office space and more than 5,000 parking spaces. The new development will create a new downtown center with street and pedestrian connections to the Cal Train Station, Murphy Street, Town and Country Village, the adjoining residential neighborhoods and Mathilda Street, one of the City's major thoroughfares. On December 21, 2004, the City approved a Disposition, Development and Owner Participation Agreement with the developer that provides the terms for the redevelopment of the Mall.

G. Five Year Goals and Objectives

The implementation plan provisions of the CRL require the Agency to establish goals and objectives for the Project Area for the five-year planning period. The following major goals and objectives will be pursued by the Agency, which are the same as those for the overall Redevelopment Program:

Goal 1 Meet the Agency's existing financial and administrative obligations.

Objective 1.1 Make all current debt service payments on Tax Allocation Bonds.

Objective 1.2 Make all reimbursements to the City of current year City payments on the Town Center parking garage COPs, and begin to reduce the principal balance of the 1977 City Loan, if possible.

Objective 1.3 Adequately and timely perform all reporting, accounting, and administrative functions imposed by the CRL and prudent governmental practice.

Objective 1.4 Continue to encourage and nurture private investment in commercial developments.

Goal 2 Establish the downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.

Objective 2.1 Establish a 24 hour downtown with Class A office buildings around a vibrant retail district with easy parking and public transportation and easy access from a variety of housing types.

Objective 2.2 Continue public/private partnerships in the development of office, retail, housing, and open space facilities.

Objective 2.3 Create a unique shopping, dining, entertainment experience in the downtown, combining new restaurants with small shops, major retail stores, and theatre with easy, available parking and strong pedestrian connections to other parts of the downtown.

Goal 3 Implement specific actions such as the provision of public improvements in an attractive and cohesive physical form, which clearly identifies Sunnyvale's downtown.

Objective 3.1 Complete priority improvements in phases to civic plaza downtown.

Objective 3.2 Facilitate the redevelopment of the Town Center Mall to provide for an open-air, pedestrian-oriented, retail and residential development.

Objective 3.3 Complete priority streetscape projects to facilitate an attractive pedestrian environment and to promote development on adjacent parcels.

Goal 4 Development and implementation of an overall parking strategy that meets the needs of retail, office, housing and visitor demand.

Objective 4.1 Support an overall parking strategy for downtown that optimizes parking use based on office, retail, and entertainment peaks.

Objective 4.2 Replace existing parking and pursue funding opportunities for additional public parking as needed to support downtown development.

Goal 5 Increase housing opportunities.

Objective 5.1 Maintain the character and density of single-family neighborhoods surrounding the downtown.

Objective 5.2 Encourage mixed housing consisting of market rate and affordable housing in appropriate locations including the proposed Town Center redevelopment, the Town and County area, and transit corridors in or near the downtown.

II. Non-Housing Implementation Plan

This section describes the five-year Non-Housing Redevelopment Program, including a summary of the project and activity descriptions, deficiencies to be corrected, and estimated revenues and expenditures. As they are implemented, the projects and activities may be modified over time to better serve the purposes of redevelopment. The cost estimates are preliminary and subject to refinement as the Redevelopment Program planning and implementation proceed. Some of these projects and activities may not be completed within the next five years of the Redevelopment Program, and thus, related costs may not be incurred in the next five years.

A. Redevelopment Program FY 2004/05 – FY 2008/09

The Agency will undertake projects and activities in the Project Area over the next five years to alleviate blighting conditions and attain the Redevelopment Program goals and objectives. The projects and activities can be categorized into six basic program categories, as described below.

1. Financial and administrative activities to meet existing obligations.

Given the Agency's financial situation, a primary activity for the Implementation Plan period will be to meet its already existing obligations by:

- Making payments on the Central Core Tax Allocation Bonds,
- Reimbursing the City for the City's payment of current debt service on the Town Center parking garage Certificates of Participation, and
- Making payments toward the Agency's other debt obligations, particularly the 1977 City Loan.

2. Establish the downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.

The Agency's revitalization activities will focus on establishing the downtown as a center of activity for the community. The Agency negotiated a final Disposition Development and Owner Participation Agreement with a developer for the Town Center Mall to provide a new pedestrian-oriented, mixed-use, open-air mall including affordable housing, replacement and additional parking, and a multiple screen theater.

3. Implement specific actions such as the provision of public improvements in an attractive and cohesive physical form, which clearly identifies Sunnyvale's downtown.

To establish a unique downtown as contemplated by the Specific Plan, the Agency might assist the City, through non-tax increment resources, in providing needed Project Area infrastructure:

- Traffic mitigation measures within and surrounding the proposed Town Center Mall redevelopment.
- Enhance pedestrian connections, public plazas and parks, including a main plaza in the north of Washington area.
- Reestablish and reconnect McKinley and Murphy Avenues to allow vehicle and pedestrian traffic through the redesigned Town Center area.

- Miscellaneous street improvements, including special sidewalk paving, lighting fixtures, benches, landscaping, landmarks, gateways and wayfinding system. As funds become available and development progresses these features will be added as part of development and part of the City's ongoing infrastructure replacement program.
- Signage program: A comprehensive signage program has begun and will be augmented as projects begin and needs change.

4. Development and implementation of an overall parking strategy that meets the needs of retail, office, housing and visitor demand.

The Agency is undertaking an overall parking strategy to insure that there is adequate parking for the activities envisioned for the downtown. The Agency will also explore non-tax increment funding sources to provide adequate parking to support downtown activities. An adequate amount of accessible and affordable public parking is crucial to the success of downtown. Activities will include:

- Town Center Mathilda Avenue parking structure demolition: Closure of the second level of the structure was ordered on June 2, 2003 by the Building Official because of functional obsolescence and deterioration. Repair costs exceed the value of the structure, and therefore it should be demolished and replaced. The City is obligated to pay for two-thirds of the total demolition cost, estimated at approximately $1,165,000, and the mall developer will be responsible for the remaining portion.
- Town Center Structure Maintenance: The city will continue to maintain the parking structure until the mall redevelopment and parking structure demolition take place.

5. Increase Housing Opportunities.

Housing is also an important component to an economically viable downtown. The goals of the plan are to maintain the character and density of single-family neighborhoods surrounding the downtown and to encourage mixed housing consisting of market rate and affordable housing in appropriate locations including the proposed Town Center redevelopment, the Town and Country area, and transit corridors in or near the downtown.

6. Agency Administration.

The Agency will continue to have various administrative and operational requirements associated with implementing the above projects and activities. These will include program staff, planning functions and legal and other technical assistance.

B. Linkage Between Proposed Redevelopment Program and Elimination of Blighting Influences

An implementation plan must provide an explanation of how the goals, objectives, programs and expenditures for the five-year planning period will serve to eliminate blighting conditions in a project area. The five-year Redevelopment Program as further described herein will continue the process of improving the Project Area and alleviating blighting conditions.

Within the Project Area the following physical conditions continue to be significant: poor site conditions, poor building conditions, and parcels of irregular shape and form. Economic blighting conditions, including impaired investments, commercial vacancies and the underutilization of commercial parcels, continue to inhibit the ability of this area to improve without continuing assistance from the Redevelopment Agency. The economic decline is also evident in underutilization of real estate, the presence of marginal businesses, declining retail sales, and low lease rental rates. The physical decline is evident in the absence of modern real improvements to low lease storefronts and the absence of adequate parking facilities. In particular the Town Center Mall experienced significant declines in business resulting in its owner declaring bankruptcy in 2002. The mall is now completely empty except for two department stores. One of the Mall's main parking structures is physically deteriorated and unsafe.

As a key element of the Redevelopment Program, the Agency and the City are negotiating a Disposition, Development and Owner Participation Agreement (DDOPA) with the selected private developer to redevelop the Town Center Mall and replace the deteriorated parking deck. Other Redevelopment Program activities may include acquisition and assembly of small, underutilized and/or poorly configured parcels of land that would otherwise be inadequate for modern development. The proposed Redevelopment Program would foster economic growth, attract more people to the downtown, and develop more retail by reinvigorating commercial uses. New development will add value to tax rolls, encourage further development, generate demand for Project Area properties and increase property values. The proposed program would also provide an incentive for existing owners and the private sector to reinvest in their underutilized and blighted properties.

The provision of adequate and easily accessible parking will assist in the retention and attraction of businesses within the Project Area. The construction and upgrade of necessary public improvements and facilities will provide improved public health, safety and welfare due to better pedestrian and vehicular traffic circulation and access, and enhanced aesthetics through streetscape design and construction. The proposed parking projects will not only meet the demand generated by new development but will also supply needed parking to the area's deficient inventory.

In summary, these public infrastructure improvements will help stimulate reinvestment and growth in the Project Area. The ability of an area to attract new investors and encourage existing property owners to maintain and reinvest in their properties depends on the quality of the public infrastructure and amenities serving the building stock.

The expected benefits of redevelopment projects include:

- Increased commercial rents and retail sales volumes;
- Owner upgrades to existing properties;
- Increased assessed values from new development;
- Renewed interest in the downtown; and
- Enhanced job growth opportunies.

The work envisioned over the next five years intends to continue programs that have helped create an environment supportive of downtown office and retail development. Through programs that encourage building owners and merchants to rehabilitate and reinvest in their properties, the Agency is directly confronting both the physical and economic blight that still remains.

Due to the Agency's significant outstanding debt obligations, the Agency's primary activity for the five-year Implementation Plan period will be to repay existing debt obligations related to the Agency's Tax Allocation Bonds and Certificates of Participation and the 1977 City Loan. These debts were incurred by the Agency to fund the original public investment in the Town Center Mall, including land assembly and write-down, site preparation, and parking garage construction. The combined public/private effort to develop the Town Center Mall, in turn, eliminated certain blighting conditions in the Project Area identified at the time of adoption of the Redevelopment Plan in 1975. In effect, by continuing to pay debt service costs on the debts incurred in 1977, the Agency is continuing to finance activities that alleviated those original blighting influences and will enable the City to assist in future redevelopment of the Town Center Mall.

The Agency will continue to address remaining blighting influences in the Project Area through its planning activities. These activities include the redevelopment of the Town Center Mall into an open-air, pedestrian-oriented mixed-use center for retail, housing, and entertainment, encouraging the redevelopment of the Town and Country area for housing and retail, provision of increased public parking, a downtown plaza, streetscape improvements, pedestrian linkages and land assembly. These activities will help eliminate blighting conditions including: age, obsolescence, deteriorated structures, economic stagnation resulting in high vacancy rates and low retail sales volumes and the lack of adequate public infrastructure, including lack of traffic circulation improvements and off-street parking.

Table II-1 on the following page provides a matrix summarizing the relationship between proposed goals, objectives, projects and activities and how they will eliminate blight.

C. Five-Year Implementation Plan Revenues

The Agency has two primary potential revenue sources: debt issuance proceeds and annual tax increment revenues. The source and uses of Agency revenues are summarized in Table II-2.

1. Debt Issuance Proceeds

The Agency does not anticipate incurring any new debt during the Five-Year Plan period.

2. Annual Tax Increment Revenues

Tax increment revenues generated in the Project Area during the five-year planning period are projected to be approximately $21 million and are expected to be fully applied to Agency administration, ERAF payments and debt service obligations. Because of the Agency's high level of outstanding debt obligations, almost all tax increment generated revenue will be used to repay these debts during the five-year Implementation Period. The only funds available for Non-Housing projects are those amounts previously reserved in a Capital Projects Fund that were generated from non-tax increment sources. The projected tax increment in the five-year planning period assumes an increase in assessed values from the redevelopment of the Town Center Mall. The available annual tax increment revenues and the uses of these funds are summarized in Table II-2.

Table II-1
Linkage of Five-Year Programs and Activities With Elimination of Blight

Program Categories and Activities	Blighting Conditions				
	Deficient & Deteriorated Buildings	Physically Obsolete Buildings/ Lack of Parking	Deteriorated and/or Inadequate Utilities	Depreciated or Stagnant Property Values/ Economically Obsolete Buildings	Inadequate Public Improvements
Financial and administrative activities to meet existing obligations					
Make payments on the Central Core Tax Allocation Bonds.		●	●	●	●
Reimburse the City for the City's payment of debt service on parking garage Certificates of Participation.		●	●	●	●
Make payments toward the Agency's other debt obligations, particularly the 1977 City Loan.	●	●	●	●	●
Establish the downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.					
Finalize negotiations and enter into a DDOPA with the selected developer for the Town Center Mall to provide a new pedestrian-oriented, mixed use, open-air mall including affordable housing, replacement and additional parking and a multiple screen theater.	●	●	●	●	●
Implement specific actions such as the provision of public improvements in an attractive and cohesive physical form, which clearly identifies Sunnyvale's downtown.					
Traffic mitigation measures within and surrounding the proposed Town Center Mall redevelopment.			●	●	●
Enhance pedestrian connections, public plazas and parks, including a main plaza in the north of Washington area.			●	●	●
Reestablish and reconnect McKinley and Murphy Avenues to allow vehicle and pedestrian traffic flow through the redesigned Town Center area.			●	●	●
Miscellaneous street improvements, including special sidewalk paving, lighting fixtures, benches, landscaping, landmarks, gateways and wayfinding system.			●	●	●
Signage program.			●	●	●
Development and implementation of an overall parking strategy that meets the needs of retail, office, housing and visitor demand.					
Town Center parking structure maintenance.		●	●	●	●
Town Center parking structure demolition.		●	●	●	●
Increase housing opportunities.					
Maintain the character and density of single family neighborhoods surrounding the downtown.	●				
Encourage mixed housing consisting of market rate and affordable housing in appropriate locations including the proposed Town Center redevelopment, the Town and Country area, and transit corridors in or near downtown.	●			●	●

Source: Sunnyvale Redevelopment Agency, Seifel Consulting Inc.

Table II-2
Agency Revenue Available for Non-Housing Redevelopment Activities
FY 2004/05 - FY 2008/09
(Rounded to nearest $1,000)

1	2	3	4	5	6	7	8	9	10
Year	**Net Tax Increment Revenues To Agency**[a]	**Less: Pass-through Payments & Agency Admin.**[b]	**Less: ERAF Payments**[c]	**Less: Housing Set-Aside**	**Less: Non-Housing Debt Obligations**[d]	**Net Tax Increment**	**Other Agency Income**[e]	**Net Debt Issuance Proceeds**	**Total Funds Available for Non-Housing Projects**[f]
Fund Balance through FY 2003/04									$1,500,000
FY 2004/05	$3,601,000	$229,000	$264,000	$0	$3,208,000	($100,000)	$100,000	$0	$0
FY 2005/06	$3,704,000	$239,000	$269,000	$0	$3,296,000	($100,000)	$100,000	$0	$0
FY 2006/07	$3,811,000	$249,000	$0	$0	$3,662,000	($100,000)	$100,000	$0	$0
FY 2007/08	$3,920,000	$256,000	$0	$0	$3,764,000	($100,000)	$100,000	$0	$0
FY 2008/09	$5,974,000	$265,000	$0	$0	$5,809,000	($100,000)	$100,000	$0	$0
Total	$21,010,000	$1,238,000	$533,000	$0	$19,739,000	($500,000)	$500,000	$0	$1,500,000

a. Figures equal the amount remitted to the Agency, which includes the gross tax increment revenues and supplemental AV revenue (80% portion) less County admin fee. Projection assumes increased assessed values from Town Center Mall redevelopment. During the five year Plan period, tax increment generated from the mall will be used to repay debt obligations to the City.
b. This figure only includes Agency admin costs since the Agency currently has no pass through payments.
c. Based on California Redevelopment Association estimated FY 2004/05 ERAF Redevelopment Agency deposit. Estimates for FY 2005/06 are currently not published, but are assumed to be 2% greater than the prior year.
d. Includes pre-1986 debt obligations to Central Core Redevelopment Project Tax Allocation Refunding Bonds, 1998 Parking Facility, Series A, Certificates of Participation; and City General Fund.
e. Estimated interest income.
f. Figures equal the sum of net tax increment, other agency income and net debt issuance proceeds. Opening fund balance represents non-tax increment generated amounts reserved for capital projects.
Source: Sunnyvale Redevelopment Agency, Seifel Consulting Inc.

3. Other Agency Income

The Agency receives additional revenues from interest income. Approximately $500,000 in other Agency income is projected during the five year implementation plan period.

4. Non-Agency Financial Resources

Wherever possible, the Agency has been and will continue to leverage other funds in connection with its redevelopment efforts. The Agency has targeted local, state and federal funding sources to assist in financing eligible projects. As permitted by law, possible funding sources include government grants and assistance programs, as well as private sector sources.

To a limited extent, the City's development impact fees generated from new development will be a source of public infrastructure and facilities funding when feasible. The Agency will also pursue funds from federal programs including CDBG and HOME Funds, in addition to state and county funds.

D. Five-Year Implementation Plan Expenditures

1. Proposed Program Expenditures – Five-Year Period

The Agency has developed programs to implement its goals and objectives for the current five year implementation plan period as described in Section A above. The Agency has identified over $22 million in estimated costs of the FY 2004/05 through FY 2008/09 program of non-housing activities, as summarized in Table II-3.

The non-housing program costs over the five-year implementation period exceeds the estimated Agency resources for non-housing activities due to the fact that most all of the Agency's financial resources are dedicated to repayment of pre-1986 debt obligations. Thus, the Agency will need to defer some programs or leverage other funding sources in order to undertake its non-housing programs and activities over the next five years.

2. Proposed Programs and Expenditures – Project Life

It is possible that some program activities proposed by the Agency for this implementation plan period may not necessarily occur as planned in the five-year period or may not occur at all. It is also possible that other programs not listed in this Implementation Plan may instead be pursued. Further, some of the activities to be undertaken beyond the five-year planning period of this Implementation Plan may actually take place within the five-year planning period if development needs or opportunities warrant undertaking the activities.

The projects, activities and expenditures contained in this Implementation Plan are in part based on certain assumptions made by the Agency relating to revenues, ERAF payments, market conditions, community needs and priorities, and resident and developer interest. Consequently, should Agency assumptions not be realized or unforeseen circumstances arise, further mid-course modifications in programs and this Implementation Plan may be required.

Table II-3
Projected Five Year Non-Housing Redevelopment Program Expenditures
FY 2004/05 - FY 2008/09
(Rounded to nearest $1,000)

Non-Housing Program Category and Project Description	**Proposed Agency Expenditures FY 2004/05 - FY 2008/09**[a]
Financial and Administrative Activities to Meet Existing Obligations	
Make payments on the Tax Allocation Bonds.	2,960,000
Reimburse the City for the City's payment of debt service on parking garage Certificates of Participation.	6,057,000
Make payments toward the Agency's other pre-1986 debt obligations, particularly the 1977 City Loan.	10,722,000
Establish the Downtown as the cultural, retail, financial and entertainment center of the community, complemented by employment, housing and transit opportunities.	
Finalize negotiations and enter into a DDOPA with the selected developer for the Town Center Mall to provide a new pedestrian-oriented, mixed use, open-air mall including affordable housing, replacement and additional parking and a multiple screen theater.	N/A
Help implement the Downtown Specific Plan objectives.	N/A
Implement Specific Actions such as the provision of public improvements in an attractive and cohesive physical form, which clearly identifies Sunnyvale's downtown.	
Traffic mitigation measures within and surrounding the proposed Town Center Mall redevelopment.	N/A
Enhance pedestrian connections and public plazas and parks, including a main plaza in the north of Washington area.	N/A
Reestablish and reconnect McKinley and Murphy Avenues to allow vehicle and pedestrian traffic through the new Town Center development.	N/A
Miscellaneous street improvements, including special sidewalk paving, lighting fixtures, benches, landscaping, landmarks, gateways and wayfinding system.	$1,562,000
Signage program.	N/A
Development and implementation of an overall parking strategy that meets the needs of retail, office, housing and visitor demand.	
Town Center parking structure demolition.	$800,000
Increase housing opportunities.	
Maintain the character and density of single family neighborhoods surrounding the downtown.	N/A
Encourage mixed housing consisting of market rate and affordable housing in appropriate locations including the proposed Town Center redevelopment and transit corridors in or near downtown.	N/A

a. These listed expenditures do not represent the complete funding needed for each of these projects. Because the Agency uses most of its financial resources to repay existing debt obligations, the Agency will seek to leverage its resources with additional funding opportunities including any non-tax increment generated revenue, local, state and federal grants and assistance programs, as well as private sector sources. The City may also choose to advance additional funds on behalf of the Agency for some of these activities.

Source: City of Sunnyvale.

III. Housing Component

This chapter comprises the housing component of the Implementation Plan, summarizing the Agency's housing obligations pursuant to the legal requirements of the CRL. Redevelopment agencies are expressly required to undertake activities that will assist in "increasing, improving, and preserving the community's supply of low and moderate income housing." However, for reasons described below, the Agency is not statutorily required, and will not have revenues available, to actively participate in a program of affordable housing provision over the five-year Implementation Plan period.

This chapter is organized as follows:

- Section A presents an overview of the Agency's affordable housing responsibilities.
- Section B discusses funding for affordable housing activities and describes the history, current status, and projected deficits in deposits to the Housing Fund that the Agency will incur over the Implementation Plan period.
- Section C addresses the statutory requirement for a Housing Production Plan.
- Section D addresses the statutory requirement for a Replacement Housing Plan.

A. Overview of CRL Affordable Housing Requirements

The housing portion of the Implementation Plan is required to set forth specific goals and objectives for the five year Implementation Plan period (FY 2004/05 through FY 2008/09), present estimates of specific Housing Fund deposits, projects and expenditures planned for the five year implementation period, and explain how the stated goals, objectives, deposits, programs, projects and expenditures will produce affordable housing units to meet these obligations. The CRL requires an implementation plan to include the following affordable housing planning components:

- Amount available in the Housing Fund, estimates of annual deposits into the Housing Fund during the five year Implementation Plan period, and the Agency's plans for using the annual deposits to the Housing Fund.
- The Housing Production Plan, which includes the total number of housing units to be produced and the number of affordable housing units to be produced for three different time periods:
  - For the five year period (FY 2004/05 through FY 2008/09)
  - For the ten year compliance period (FY 2004/05 through FY 2013/2014), and
  - For the life of the Redevelopment Plan (through FY 2025/26).
- If a planned project will result in the destruction of existing affordable housing, identification of proposed locations for replacement housing that the Agency would be required to produce.

For the reasons specified below, only the Housing Fund requirement is applicable to the Agency in its administration of the Redevelopment Plan for the Project Area.

B. Housing Fund Status and Deficit Reduction Plan

The CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the Housing Fund) at least 20 percent of all tax increment revenue generated from its project areas. The funds must be used for the purpose of increasing, improving and preserving the community's supply of affordable housing. Such housing must be available at affordable housing cost and occupied by households of very low, low or moderate income. (Sections 33334.2 and 33334.3)

The Agency first became subject to this Housing Fund deposit requirement in 1986, when the CRL was revised to require agencies administering redevelopment project areas adopted prior to 1976, such as this Project Area, to make such deposits to the extent that the Agency had sufficient funds available to make these deposits. Through FY 1993/94, the Agency made a finding authorized by the CRL that exempted it from the Housing Fund deposit requirement due to its pre-1986 debt obligations. This exemption under the CRL was no longer available after 1994. Instead, starting in FY 1994/95 the Agency has deferred making deposits into its Housing Fund and is accumulating a deficit obligation because no tax increment revenue remains after the Agency has paid obligations on debts entered into before 1986 (consisting of the debt on the Tax Allocation Bonds, the Certificates of Participation, and the amounts owed on the 1977 City Loan).

The Agency is not projected to have tax increment revenue remaining after paying its pre-1986 debt obligations with which to make a deposit to the Housing Fund throughout the Implementation Plan period. The Agency has already made the CRL-required finding to this effect for FY 2004/05, and expects this to continue for each remaining fiscal year of the Implementation Plan period. As a result, the Agency expects to create a deficit in its Housing Fund deposits of about $9.7 million by the end of this Implementation Plan period, as indicated in Table III-1.

Because it does not anticipate any Housing Fund deposits and because it does not have any other direct sources of funding for affordable housing activities, the Agency does not expect to produce any new, rehabilitated, or price-restricted affordable housing units during any of the five years of the Implementation Plan period. However, the City will continue to undertake an active affordable housing assistance program, including rehabilitation of rental and ownership housing and new construction of family housing. Additionally the City will continue to utilize its Below Market Rate Program and undertake affordable housing and support service activities.

In June 1994, the Agency first adopted its Housing Fund deficit reduction plan as required by Health and Safety Code Section 33334.6(g) and later modified the plan as permitted by the CRL. The deficit reduction plan calls for the Agency to reduce its Housing Fund deficit by making extra deposits into the Housing Fund in future years after the following three payments have been made:

1. full repayment of all amounts owed on pre-1986 debt,
2. deposits of 20 percent of current year tax increment revenue into the Housing Fund, and
3. payments to reduce debt incurred in the future for new redevelopment activities.

If full build-out of the Specific Plan occurs over the next twenty years, it is projected that the Agency still would not be able to eliminate the Housing Fund deficit with tax increment revenue from the Project Area before the normal expiration of the Redevelopment Plan in 2025. In that case, the Agency will avail itself of the specific provisions of the CRL that require the City and the Agency to extend the duration of the Redevelopment Plan and/or the amount of tax increment revenue that can be received under the terms of the Redevelopment Plan to the extent necessary to eliminate any remaining Housing Fund deficit (see Health and Safety Code Sections 33333.4(a) and 33333.6(g)).

In connection with preparation of its future annual budgets and any corresponding finding regarding deferral of deposits into the Housing Fund, the Agency will monitor and adjust its Housing Fund deficit reduction plan to reflect changing financial conditions.

Table III-1
Estimated Housing Fund Deficit
FY2004/05 through FY 2008/09

Fiscal Year	20% of Gross Tax Increment Revenue	Estimated Deposit to Housing Fund	Deficit in Housing Fund Deposits
Accumulated Deficit through FY 03-04			($5,492,000)
2004-05	$728,000	$0	($728,000)
2005-06	$748,000	$0	($748,000)
2006-07	$770,000	$0	($770,000)
2007-08	$792,000	$0	($792,000)
2008-09	$1,207,000	$0	($1,207,000)
TOTAL	$4,245,000	$0	($9,737,000)

Source: Sunnyvale Redevelopment Agency, Seifel Consulting Inc.

C. Affordable Housing Production Requirement

Redevelopment agencies administering project areas created by redevelopment plans adopted on or after January 1, 1976 and territory added to project areas by amendments adopted on or after January 1, 1976 must meet an affordable housing production requirement. Since the Project Area was established in 1975, this requirement does not apply to the Agency and no production plan is required (Section 33413(d)(1)).

D. Replacement Housing Requirement

In general, when residential units housing low and moderate income persons are destroyed or taken out of the low-and moderate-income market as part of a redevelopment project, a redevelopment agency must replace those units within a specified time in accordance with a plan adopted by the Agency following public review.

The replacement housing requirement applies to project areas established by redevelopment plans (or areas added by amendments) adopted on or after January 1, 1976. For redevelopment agencies that are administering project areas established prior to 1976, the replacement housing obligation will become applicable only with respect to dwelling units removed from the housing stock as a result of redevelopment activities on or after January l, 1996.

The Agency has incurred no replacement housing obligation under the CRL to date. The Agency has no plans to remove housing from the Project Area as part of a redevelopment project and is not anticipated to incur a replacement housing obligation during the five-year Implementation Plan period. However, if the Agency were to incur a replacement housing obligation, the Agency will meet all CRL requirements including the preparation of a specific replacement housing plan prior to removal of such units.

Appendix H

Resolution of the Planning Commission

RESOLUTION NO. 1-05 PC

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF SUNNYVALE RECOMMENDING ADOPTION OF THE PROPOSED AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE CENTRAL CORE REDEVELOPMENT PROJECT

WHEREAS, the Redevelopment Agency of the City of Sunnyvale ("Agency") has submitted to the Planning Commission of the City of Sunnyvale (the "Planning Commission") a proposed Amendment (the "Plan Amendment") to the Redevelopment Plan for the Central Core Redevelopment Project (the "Redevelopment Plan"); and

WHEREAS, Plan Amendment incorporates the City's General Plan land uses and land use standards, as recently amended, into the Redevelopment Plan, and the Plan Amendment would facilitate redevelopment of the Central Core Redevelopment Project in a manner consistent with the General Plan, as amended; and

WHEREAS, Section 33453 of the Community Redevelopment Law (Health and Safety Code, Section 33000 <u>et</u> <u>seq</u>.) provides that the Planning Commission is to review the proposed Plan Amendment and make its report and recommendation thereon to the Agency and the City Council of the City of Sunnyvale (the "City Council"), including a determination whether the Plan Amendment conforms to the General Plan of the City of Sunnyvale; and

WHEREAS, Section 65402 of the Government Code provides in part: "(a) If a general plan or part thereof has been adopted, no real property shall be acquired by dedication or otherwise for street, square, park or other public purposed, and no real property shall be disposed of, no street shall be vacated or abandoned, and no public building or structure shall be constructed or authorized, if the adopted general plan or part thereof applies thereto, until the location, purpose and extent of such acquisition or disposition, such street vacation or abandonment, or such public building, or structure have been submitted to and reported upon by the planning agency as to the conformity with said adopted general plan or part thereof . . . "; and

WHEREAS, Section 65402 of the Government Code provides in part: "(c) A local agency shall not acquire real property for any of the purposes specified in paragraph (a) nor dispose of any real property, nor construct or authorize a public building or structure, in any county or city, if such county or city has adopted a general plan or part thereof and such general plan or part thereof is applicable thereto, until the location, purpose and extent of such acquisition, disposition, or such public building or structure have been submitted to and reported upon by the planning agency having jurisdiction, as to conformity with said adopted general plan or part thereof . . . "; and

WHEREAS, the Planning Commission's report and recommendation, including matters referred to in Section 65402 of the Government Code, are to be made to the Agency and the City Council for their consideration in acting on the adoption of the Plan Amendment; and

WHEREAS, the Planning Commission has reviewed the City of Sunnyvale General Plan, as amended, the Downtown Specific Plan, the proposed Plan Amendment and the staff report accompanying this Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF SUNNYVALE THAT:

1. Pursuant to Section 33346 of the Community Redevelopment Law, the Redevelopment Plan as amended by the proposed Plan Amendment conforms to the General Plan;

2. Pursuant to Section 65402 of the Government Code, acquisition of property by the Agency, if any, pursuant to the Redevelopment Plan, as amended by the proposed Plan Amendment, conforms to the General Plan;

3. The Planning Commission recommends to the City Council approval and adoption of the Plan Amendment and in the event that prior to its adoption, the City Council desires to make any minor, technical, or clarifying changes to the Plan Amendment (including any changes to the limit on tax increment the Agency can collect under the Redevelopment Plan (the "TI Cap")), the Planning Commission hereby finds and determines that any such minor, technical, or clarifying changes (including any changes to the TI Cap) need not be referred to it for further and recommendation, and hereby waives its report and recommendation under Section 33455 of the Community Redevelopment Law concerning and such change; and

4. The Planning Commission deems this Resolution to be the report and recommendation of the Planning Commission concerning the proposed Plan Amendment and contemplated public projects and activities under the Redevelopment Plan, as amended by the proposed Plan Amendment, as required under Section 33453 of the Community Redevelopment Law.

Adopted by the Planning Commission at a regular meeting held on October 10, 2005, by the following vote:

AYES:	SULSER, SIMONS, FUSSELL, HUNGERFORD, BABCOCK
NOES:	NONE
ABSTAIN	KLEIN
ABSENT:	MOYLEN

ATTEST:
City Clerk

By: Deborah Gorman
Commission Secretary

APPROVED:

Charles Hungerford
Charles Hungerford, Chair

Appendix I

Legal Notice of Public Hearing and Notice of Community Workshop

S U N N Y V A L E
California

September 14, 2005

Dear Neighbor in the Central Core Redevelopment Project Area:

Enclosed is information concerning the proposed Amended and Restated Redevelopment Plan for the Central Core Redevelopment Project Area (the "Amended Plan").

The Redevelopment Agency of the City of Sunnyvale will be holding the following meetings:

- A Community Meeting on October 3, 2005 at 6:00 p.m. in the West Conference Room, located at 456 West Olive Avenue, Sunnyvale; and

- A Joint Public Hearing on October 25, 2005 at 7:00 p.m. in the City Council Chambers, located at 456 West Olive Avenue, Sunnyvale.

The community meeting and public hearing will be held to consider the adoption of the Amended Plan. Attached are copies of the notices for the community meeting and public hearing.

The purposes of the proposed Amended Plan are (1) to update the plan to conform to current redevelopment law and (2) to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Redevelopment Plan.

The latest information from the County indicates that you own or occupy property within the Project Area boundary. In compliance with the requirements of State law, this notice is being sent to you by U.S. mail. The notice is also being sent to businesses, residential tenants and community organizations located within the boundaries of the Project Area.

Your further inquiries and attendance at the public hearing would be greatly appreciated.

Sincerely

Brice McQueen
Redevelopment Manager
456 W. Olive Av.
Sunnyvale, CA 94086
(408) 730-7284

Attachment: Legal Notice

851\12\275491.2

NOTICE OF COMMUNITY MEETING

AMENDED AND RESTATED REDEVELOPMENT PLAN FOR THE CENTRAL CORE REDEVELOPMENT PROJECT AREA

The Redevelopment Agency of the City of Sunnyvale (the "Agency") is in the process of adopting an Amended and Restated Redevelopment Plan for the Central Core Redevelopment Project Area (the "Amended Plan"). The purposes of the proposed Amended Plan are (1) to update the plan to conform to current redevelopment law and (2) to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Redevelopment Plan. The proposed Amended Plan will not change the boundaries of the Project Area established by the Redevelopment Plan or proposed activities of the Agency under the Redevelopment Plan.

You are invited to attend a community meeting to discuss and to provide input regarding the proposed Amended Plan. The meeting will be held at 6:00 p.m. on October 3, 2005 in the West Conference Room, located at 456 West Olive Avenue, Sunnyvale, California. If you are unable to attend the meeting but desire further information on the Amended Plan, call Brice McQueen, Redevelopment Manager for the Agency, at (408) 730-7284.

LEGAL NOTICE
JOINT PUBLIC HEARING

AMENDED AND RESTATED REDEVELOPMENT PLAN FOR THE
CENTRAL CORE REDEVELOPMENT PROJECT AREA

NOTICE IS HEREBY GIVEN that the Redevelopment Agency of the City of Sunnyvale (the "Agency") and the City Council of the City of Sunnyvale (the "City Council") will hold a joint public hearing on October 25, 2005 at 7:00 p.m. in the City Council Chambers, located at 456 West Olive Avenue, Sunnyvale, California. The hearing may be continued from time to time until completed. Any person desiring the opportunity to be heard will be afforded an opportunity to do so.

The purpose of the hearing is to consider a certain amendment described below to the Redevelopment Plan for the Central Core Redevelopment Project Area, adopted by Ordinance No. 1796-75 on November 26, 1975, and as amended by Ordinance No. 2200-87 on January 6, 1987, as amended by Ordinance No. 2448-93 on October 5, 1993, as amended by Ordinance No. 2493-94 on December 20, 1994, as amended by Ordinance No. 2742-04 on January 13, 2004, and as amended by Ordinance No. 2777-05 on March 22, 2005 (the "Plan"). The currently proposed amendment to the Plan is incorporated in a proposed Amended and Restated Redevelopment Plan for the Central Core Redevelopment Project Area (the "Amended Plan").

The purposes of the proposed Amended Plan are to update the plan to conform to current redevelopment law and to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Redevelopment Plan.

The Project Area is situated in the County of Santa Clara, State of California, is more particularly described in Exhibit B. The boundaries of the Project Area will not be changed as a result of the Amended Plan. A map showing the Project Area boundaries is attached as Exhibit A to this Notice.

As part of the Downtown Improvement Program Update, the City prepared a Program Environmental Impact Report ("the Program EIR") pursuant to the California Environmental Quality Act ("CEQA") to consider and analyze the environmental impacts related to the Project, including adoption of amendments to the Land Use and Transportation Element of the General Plan, the Downtown Specific Plan and the Zoning Code. The Program EIR was certified by the Council at its June 17, 2003 meeting (Resolution No. 123-03), where Council found that it presented an adequate and extensive assessment of the environmental impacts of the Project, and adopted a statement of overriding considerations related to certain impacts on traffic and air quality, and adopted a mitigation monitoring program. The proposed amendments to the Redevelopment Plan are components of and consistent with the Project analyzed in the Program EIR, therefore, no additional review is required. The Amended Plan is subject to the Mitigation Monitoring Program adopted by the Council for the Project.

Any and all persons having any comments on or objections to the proposed Amended Plan, or the regularity of any prior proceeding, or who wish to speak on any issue raised by the Amended Plan may appear at the hearing and show cause why the proposed Amended Plan should not be adopted. In addition at any time not later than the time set forth for the hearing on the Amended Plan, any person may file in writing with the City Clerk a statement of objections to the proposed Amended Plan.

In accordance with the California Community Redevelopment Law, the Agency has prepared a Report on the Amended Plan. The Amended Plan, the Program EIR and Report on the Amended Plan are available for inspection in the offices of the Agency, located at 456 West Olive Avenue, Sunnyvale, California. For further information about the Amended Plan and related documents, please contact Brice McQueen, Redevelopment Manager for the Agency, at (408) 730-7284.

This notice is published pursuant to order of the City Council and the Redevelopment Agency of the City of Sunnyvale.

Date: September 14, 2005

Redevelopment Agency of the City of Sunnyvale

Brice McQueen, Redevelopment Manager

For Publication on:

September 21, 2005
September 28, 2005
October 5, 2005
October 12, 2005

EXHIBIT A

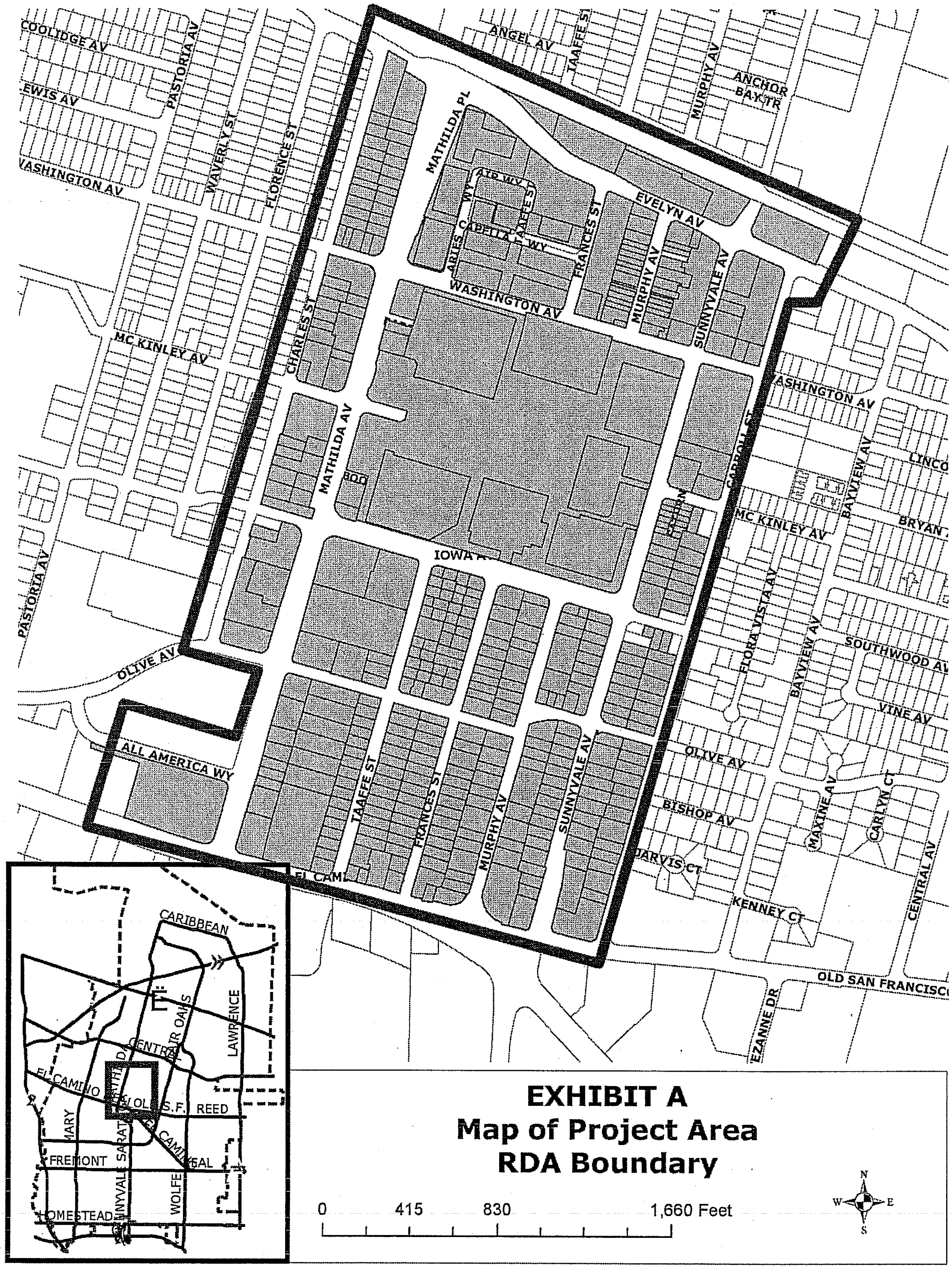
COOLIDGE AV
PASTORIA AV
WAVERLY ST
FLORENCE ST
WASHINGTON AV
ANGEL AV
TAAFFE ST
MURPHY AV
ANCHOR BAY TR
MATHILDA PL
EVELYN AV
FRANCES ST
SUNNYVALE AV
CHARLES ST
MC KINLEY AV
MATHILDA AV
CARROLL ST
BAYVIEW AV
IOWA AV
FLORA VISTA AV
SOUTHWOOD AV
VINE AV
OLIVE AV
ALL AMERICA WY
BISHOP AV
MAXINE AV
CARLYN CT
JARVIS CT
KENNEY CT
CENTRAL AV
OLD SAN FRANCISCO
CARIBBEAN
LAWRENCE
FAIR OAKS
EL CAMINO
CENTRAL
S.F.
REED
MARY
FREMONT
HOMESTEAD
WOLFE
EXHIBIT A
Map of Project Area
RDA Boundary
0
415
830
1,660 Feet
N
W
E
S

EXHIBIT B

DESCRIPTION OF REDEVELOPMENT PROJECT AREA

BEGINNING at the northeast corner of Old San Francisco Road and Carroll Street;

THENCE, northerly along the east side of Carroll Street to the north side of Evelyn Avenue;

THENCE, easterly along the north side of Evelyn Avenue to the easterly property line of the property shown on the Santa Clara County assessor's Rolls as lot 3, Page 5, Book 209;

THENCE, northerly along said property line to the southern Pacific Railroad right-of-way;

THENCE, westerly along said right-of-way, merging with the north side of Evelyn Avenue to a point opposite the extension of the west side of Charles Street;

THENCE, southerly along the west side of Charles Street to the south side of Olive Avenue;

THENCE, easterly along the south side of Olive Avenue to the west side of Mathilda Avenue;

THENCE, southerly along the west side of Mathilda Avenue to the north side of Civic Center Way;

THENCE, westerly along the north side of Civic Center Way to a point opposite the westerly property line of the properties shown on the Santa Clara County Assessor's Rolls as lots 94, 95, 123, and 124, Page 20, Book 163;

THENCE, southerly along side westerly property line to the north side of El Camino Real;

THENCE, easterly along the north side of El Camino Real to its junction with the north side of Old San Francisco Road;

THENCE, easterly along the north side of Old San Francisco Road to east side of Carroll Street, THE POINT OF BEGINNING.

Appendix J

Summary Notes from October 3, 2005 Community Meeting

Redevelopment Agency Community Meeting on the Amended and Restated Plan
West Conference Room
October 3, 2005, 6:00PM

Summary Notes

Attendance Joseph Nadalet; Dennis and Linda Moreno; Celia Naranjo; Manuel Moreno; Lindi Henell; Fidel Rios; Justin Welsh; Ron Ritucci; Ray Johnson.

City Staff: Brice McQueen, Redevelopment Manager

Brice McQueen, Redevelopment Manager, provided background information on the Redevelopment Agency, its evolution and its redevelopment plan. He also summarized the proposed plan amendment to restate the Redevelopment Plan to conform to current redevelopment law and to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Plan. He noted that the Planning Commission will review the proposed amendment on October 10, 2005 for its report on General Plan Conformance and its recommendation to the City Council and the Redevelopment Agency regarding approval of the amendment. He also indicated that the City Council and Redevelopment Agency will consider approval of the Plan Amendment at a joint public hearing on October 25, 2005.

The public expressed the following items:

1. *If you only invest in the downtown area do you still receive Tax Increment generated in other areas within the redevelopment plan area?*

Staff explained that the Agency would receive the benefit of increased property value from surrounding properties in the project area. When Agencies make improvements to areas within the project area that are deteriorated, and property values rise, the rise in property values will result in an increase in the Tax Increment that is generated for the project area. The intent is to stimulate private investment of surrounding properties through the original investment.

2. *Is this the only project area in the City?*

Staff stated that Sunnyvale's Redevelopment Agency has only one project area.

3. *Dose the Amendment require a vote of the people?*

Staff explained that the amendment does not require a vote of the people; but that the Sunnyvale City Council will review this amendment at a Joint Public Hearing of the Council/Agency on October 25, 2005.

4. *If the Council/Agency says no to the Amendment what will happen to the parking structure and the mall?*

Staff indicated that the parking structure, which is owned by the Agency, was closed because of structural problems, and that demolition of the structure was needed regardless. If the Amendment is not approved, and the CAP is not increased, the redevelopment of the blighted Town Center Mall may be in jeopardy.

5. *What is the current debt to the Agency?*
Staff stated that the Agency's debt is around $48 million.

6. *What is the new cap that you are proposing?*
Staff explained that $600 million is the proposed new cap and that it is important that the cap is set high enough to allow for the Plan to run through the end of the term.

7. *What is the Agency collecting the money to spend on?*
Staff indicated that the additional Tax Increment will be used to pay costs associated with the redevelopment of the Town Center Mall, primarily to replace the now closed public structure, and to satisfy the Agency's deficit in the set aside fund for affordable housing and to pay for administrative expenses and existing Agency debt.

8. *What is the dollar amount going back to the Mall development?*
Staff stated that there is a limit of $4,000,050 per year once the development is completed. The developer could share 50% of any additional increment over that limit depending on how much the project itself generates through the term of the agreement.

9. *What makes up the Agency debt?*
Staff responded that the Agency debt obligations are the outstanding loans to the City General Fund and bonded indebtedness.

10. *Typically developers will develop a public street and deed it to the City. In this case why is the City paying for the improvements?*
Staff indicated that this is a different situation because the closed parking structure is an Agency-owned structure and that the Tax Increment that the development generates will be used to pay for the replacement of the structure.

11. *Will the city own the new parking garage?*
Staff discussed how the public streets and parking garage will be deeded back to the City upon completion of the project.

12. *What are the options the City has on the October 25, 2005 meeting?*
Staff explained that the City has approved the new mall owner's plans to go forward with redevelopment of the property and that the redevelopment of the mall is conditional on Agency assistance for the public parking and other public improvements.

13. *What happens if the City Council says no to raising the cap?*
Staff discussed that the mall may not be developed in a manner that would be most desirable if the cap is not increased, and most likely a big box retail center would be the outcome if there is no Agency assistance.

14. *How will this amendment to increase the Tax Increment cap impact my property?*

Staff stated that there will be no change to the property tax other than the normal annual assessed increase, which is restricted by Proposition 13. However, the Amendment, which will allow for the redevelopment of the Mall, will ultimately increase the property value of the mall property and the surrounding properties will benefit from increase property value as well.

15. *Why is the developer receiving more money than it would take to build a parking garage?*

Staff discussed that the developer is paying for the construction cost upfront and will be paid back through the sharing of the Tax Increment generated by the project annually through the end of the agreement.

16. *If the CAP is raised, will the Mall project be the main project generating tax increment towards the cap limit?*

Staff indicated that the mall project is a major project and very significant to the Redevelopment Project area and would add approximately $400,000,000 in assessed value to the tax base.

17. *Will raising the cap affect anybody applying for a use permit?*

Staff stated that raising the cap will not affect the zoning of the property or the land use designation in the General Plan.

18. *When did you know that the cap needed to be raised?*

Staff stated that the unanticipated changes in circumstances that have recently occurred primary related to the Town Center Mall triggered the need for the increased Tax Increment cap.

19. *If the assessment of the Mall goes up over the years will the Agency's assistance go up?*

Staff discussed that the assistance needed by the developer is caped at $4,000,050, and that the Agency will share 50% of the tax increment that the project generates over the $4,000,050 figure.

20. *Is the City Council vote the only vote necessary for approval of the amendment? Does the County have to approve the amendment?*

Staff indicated that the City Council approves the plan amendment. The County was notified along with the rest of the taxing entities for Sunnyvale by certified mail of the proposed amendment. Staff added that the County or any one else does have the ability to review and challenge the Findings necessary to approve the Plan amendment. The Findings are included in the Plan Amendment Report. The public can file a challenge to the decision within 30 days of the City Council action.

21. *How is the school district affected?*
Staff discussed that Sunnyvale schools districts within the project area will continue to receive property taxes on the assessed value of the property area at the time the redevelopment plan was adopted. Additionally the school districts will share in a percentage of the increase in property tax revenues resulting from the redevelopment activities above the original Tax Increment cap if the cap is increased. Staff also discussed that school funding formulas set under state law require the state to backfill property tax revenue that is sent to the redevelopment agency to repay debt.

22. *Can the county raise property taxes because of this amendment?*
Staff stated that Proposition 13 regulates the amount of taxes that the County can raise property tax, which is approximately 2% annually.

23. *Are you assuming that none of this development will happen without the Redevelopment Agency?*
Staff acknowledged that Agency's assistance is needed for the proposed redevelopment of the mall.

24. *Is it inevitable that the cap needs to be raised?*
Staff affirmed that the cap needs to be raised in order to make it through the end of the term of the Plan.

25. *Have you met with the County on this Plan Amendment?*
Staff stated that the County has set a meeting with the City Manager for October 21, 2005 to discuss the amendment.

26. *Are there any other changes that the agency will be making?*
Staff indicated that other than restating the plan to update it to conform to current redevelopment law, and increasing the cap there are no changes to the Plan.

27. *Are there any policies on how the tax increment is spent?*
Staff discussed how the Tax Increment is used and that at this time it is being used to pay down the pre-existing debt. In the future the Agency will be developing Low and Moderate income housing with 20% of the tax increment that will be devoted entirely to the development of housing.

28. *Is the agency getting into the same situation as it did before? What happens if the developer goes bankrupt again?*
Staff stated that it is not the same situation as before in that the Agency is not building the parking. The developer is constructing the improvements for the City and will only share in the increase in the Tax Increment if the project is built.

29. *What is the current amount of increment that is coming in at this time?*
Staff stated that approximately $3 million in Tax Increment is being received by the Agency each year.

30. *Is the $3 million in Tax Increment a year enough to pay off the current debt?*
Staff discussed that it is not anticipated with the current development that the debt will be paid off by the end of the Plan, and that the amount of debt at the end of the Plan will be determined only by the amount of development that occurs in the project area.

31. *Could the Cap limit be reduced?*
Staff indicated that the main concern is that the cap be set high enough so that the Agency can make it through the end of the Plan.

Meeting was adjourned at 7:00PM

Appendix K

Affected Taxing Entities Communications

July 8, 2005

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

To: State Board of Equalization, Santa Clara County Auditor, Assessor, Tax Collector, Administrator, and Legislative/Governing Body of All Affected Taxing Agencies

Re: Amended and Restated Redevelopment Plan for the Central Core Redevelopment Project

Enclosed is a Statement of Preparation of the Amended and Restated Redevelopment Plan for the Central Core Redevelopment Project. This letter provides background information concerning the purpose and effect of the proposed amendment.

On November 26, 1975, by Ordinance No. 1796-75, the City Council of the City of Sunnyvale (the "City Council") adopted the Redevelopment Plan for the Central Core Redevelopment Project (the "Redevelopment Plan"). The Redevelopment Plan was amended in 1987 by Ordinance No. 2200-87, in 1993 by Ordinance No. 2448-93, in 1994 by Ordinance No. 2493-94, in 2004 by Ordinance No. 2742-04, and again in 2005 by Ordinance No. 2777-05.

At this time, the Redevelopment Agency of the City of Sunnyvale (the "Agency") is proposing for consideration by the City Council, the Amended and Restated Redevelopment Plan (the "Amended Plan") to update the plan to conform with current redevelopment law and to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Redevelopment Plan.

The proposed Amended Plan will not expand the Project Area or modify the basic purpose of the Redevelopment Plan and powers of the Agency.

Thus, the proposed amendment is a type described in Health and Safety Code Section 33354.6 which requires observance of the applicable procedures set forth in the Community Redevelopment Law for the adoption of an initial redevelopment plan.

Also enclosed for your information are copies of the draft Amended Plan and Preliminary Report describes the purpose, scope, and potential fiscal impacts of the proposed Amended Plan.

The Agency will provide you with written notice of the joint City Council/Agency public hearing on the proposed Amended Plan, which is expected to be conducted in October 2005.

If you have any questions or comments concerning this matter, please call me at (408) 730-7284.

Sincerely,

Brice McQueen
Redevelopment Manager

Enclosures

ADDRESS ALL MAIL TO: P.O. BOX 3707 SUNNYVALE, CALIFORNIA 94088-3707
851\12\260899.1
TDD (408) 730-7501
Printed on Recycled Paper

CITY OF SUNNYVALE CALIFORNIA

COURTESY STATEMENT OF PREPARATION OF THE AMENDED AND RESTATED

REDEVELOPMENT PLAN FOR THE CENTRAL CORE REDEVELOPMENT PROJECT

You are hereby notified that the Redevelopment Agency of the City of Sunnyvale (the "Agency") is in the process of preparing an amended and restated Redevelopment Plan for the Central Core Redevelopment Project (the "Redevelopment Plan"). The purpose of the proposed amendment (the "Amended Plan") is to update the plan to conform to current redevelopment law and to increase to limit on the total amount of tax increment that the Agency may receive over the term of the Redevelopment Plan.

The proposed Amended Plan will not change the boundaries of the Project Area established by the Plan or proposed activities of the Agency under the Redevelopment Plan.

The Agency and the City of Sunnyvale (the "City") will comply with all requirements for adoption of an amendment to a redevelopment plan under the California Community Redevelopment Law, as set forth in Health and Safety Code Sections 33450-33458.

It is the intent of the City Council and the Agency to rely on the Environmental Impact Report for the Sunnyvale Downtown Improvement Program Update 2003, certified by the City Council on June 17, 2003 (the "Program EIR"). The activities envisioned by the Amended Plan are within the scope of the Program EIR, and the Program EIR adequately described the Amended Plan activities for purposes of the California Environmental Quality Act.

Date: July 8, 2005

Redevelopment Agency of the City of Sunnyvale

By:

Brice McQueen, Redevelopment Manager

ADDRESS ALL MAIL TO: P.O. BOX 3707 SUNNYVALE, CALIFORNIA 94088-3707
TDD (408) 730-7501

851\12\260899.1

September 14, 2005

NOTICE TO TAXING ENTITIES

Ladies and Gentlemen:

The Redevelopment Agency of the City of Sunnyvale (the "Agency") is preparing the Amended and Restated Redevelopment Plan for the Central Core Redevelopment Project Area (the "Amended Plan").

As the attached Legal Notice indicates, the City Council of the City of Sunnyvale (the "City Council") and the Agency will hold a joint public hearing on October 25, 2005 at 7:00 p.m. in the City Council Chambers, located at 456 West Olive Avenue, California, to consider the adoption of the Amended Plan.

The purposes of the proposed Amended Plan are (1) to update the plan to conform to current redevelopment law and (2) to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Redevelopment Plan.

The Amended Plan, the Program EIR covering the Amended Plan and a Report on the Amended Plan are on file with the Agency, located at 456 West Olive Avenue, Sunnyvale, California, and are available for your inspection.

Your further inquiries, and attendance at the public hearing, will be most welcome.

Sincerely,

Brice McQueen
Redevelopment Manager

Attachment: Legal Notice

**REDEVELOPMENT AGENCY OF THE CITY OF SUNNYVALE
AMENDED AND RESTATED REDEVELOPMENT PLAN FOR THE
CENTRAL CORE REDEVELOPMENT PROJECT AREA**

TAXING AGENCIES CONSULTATION LOG SHEET

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
Santa Clara County Executive County of Santa Clara 70 W. Hedding Street East Wing, 11th Floor San Jose, CA 95110 299-5105	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Talked to Diane Doyle, Assistant to the County Executive. She indicated that Pete Kutras has no questions at this time, but is concerned and will set up a meeting with the City Manager. (Meeting has been set with Pete Kutras, County Executive; Amy Chan, City Manager of Sunnyvale and Mary Bradley Director of Finance for October 21, 2005)
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Dr. Joseph Rudnicki Sunnyvale School District 819 W. Iowa Ave. Sunnyvale, Ca 94086 522-8200	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Left message for Dr. Joe Rodnicki. Received return call from Dr. Ben Picard. He stated that he had no questions at this time and requested a new Packet. Delivered a new packet to Dr. Ben Picard.
	By Certified Mail: JPH Notice	September 14, 2005	N/A

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
	By Meeting:	September 20, 2005	Mary Bradley, Director of Finance and Brice McQueen, Redevelopment Manager met with Dr. Ben Picard of the Sunnyvale School District and Geoffrey Kiehl of the Fremont Union High School District to provide background information on the Redevelopment Agency, its evolution and its Redevelopment Plan. Mary Bradley also summarized the proposed plan amendment to restate the Redevelopment Plan to conform to current redevelopment law and to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Plan. Both Dr. Picard and Mr. Kiehl indicated that they did not have any concerns with the Amendment.
Finance Manager City of Sunnyvale 650 W. Olive Avenue Sunnyvale, CA 94088	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Certified Mail: JPH Notice	September 14, 2005	N/A
	By Meeting:	September 14, 2005	Met with Therese Balbo, Finance Manager, to provide background information and to summarize the proposed Plan Amendment.
Santa Clara County Library District 1095 N. 7th Street San Jose, CA 95112 293-2326	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Talked to Gay Strand, County Librarian. She indicated that she was OK with the Amendment and had no comments.
	By Certified Mail: JPH Notice	September 14, 2005	N/A

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
Santa Clara County Office of Education County Superintendent 1290 Ridder Park Drive San Jose, CA 95131 453-6500	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7,2005	Talked to Catherine O'Cassy Assistant to the County Superintendent. She stated that she has no comments and that she would get back to me.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Fremont Union High School District 589 West Fremont Avenue Sunnyvale, CA 94087 522-2200	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 1005	Left message for William Flory.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
	By Meeting:	September 20 2005,	Mary Bradley, Director of Finance and Brice McQueen, Redevelopment Manager met with Dr. Ben Picard of the Sunnyvale School District and Geoffrey Kiehl of the Fremont Union High School District to provide background information on the Redevelopment Agency, its evolution and its Redevelopment Plan. Mary Bradley also summarized the proposed plan amendment to restate the Redevelopment Plan to conform to current redevelopment law and to increase the limit on the total amount of tax increment that the Agency may receive over the term of the Plan. Both Dr. Picard and Mr. Kiehl indicated that they did not have any concerns with the Amendment.

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
Foothill/DeAnza College District Office of the Chancellor 12345 El Monte Road Los Altos Hills, CA 94022 650-949-6106	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Talk to John Obergh in the Office of the Chancellor. He had no questions or comments.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Santa Clara Valley Water District 5750 Almaden Expressway San Jose, CA 95118 265-2607	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Left message for Sue Tippets.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
	By Phone:	October, 5, 2005	Talked to Sue Tippets. She has no concerns or comments. Ms. Tippets transferred me to Najon Chu. Left message for Najon.
Bay Area Air Quality Management 939 Ellis Street San Francisco, CA 94109 415-771-6000	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 12, 2005	Talked to Doug Kolozsvari. He indicated that the Air District had no comments or concerns.
	By Certified Mail: JPH Notice	September 14, 2005	N/A

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
Solid Waste and Recycling 3355 Thomas Road Santa Clara, CA 95054 565-9900	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	Met at a Down Town event	August 10, 2005	Met with Jerry Nabhan at a Down Town Wednesday Night Music and Market event and had an informal discussion on the Plan Amendment. He had no concerns with the Amendment.
	By Phone:	September 7, 2005	Left message for Jerry Nabhan to follow up with him again.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Cupertino Union School District 10301 Vista Drive Cupertino, CA 95014 252-3000	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Left message for Toby Smith.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Lawrence E. Stone, Assessor County of Santa Clara 70 W. Hedding St., East Wing, 5th Fl. San Jose, CA 95110 299-5570 299-5561	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Talk to Bob McKibbin, Chief of Assessment Standards, Service and Exemptions, Bob stated that he had no questions at this time and asked if I could send him a new packet and that he would get back to me.
	By Certified Mail: JPH Notice	September 14, 2005	N/A

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
Controller-Treasure Department County of Santa Clara 70 West Hedding St., East Wing, 2nd Fl. San Jose, CA 95110 299-5260	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Talked to Irene Lui. She indicated that she is still reviewing the documents and had no questions at this time. She said that she would get back to be if she has any questions.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Tax Collector County of Santa Clara 70 West Hedding St., East Wing, 6th Fl. San Jose, Ca 95110 808-7959	By Certified Mail: Copies of the Courtesy Statement of Preparation, Preliminary Report, and Draft Amended Plan	July 8, 2005	N/A
	By Phone:	September 7, 2005	Talk with Martha Williams. She stated that she passed the documents on to Irene Lui.
	By Certified Mail: JPH Notice	September 14, 2005	N/A
Midpeninsula Open Space District 330 Distel Circle Los Altos, CA 94022-1404 650-691-1200 Tel 650-691-0485 Fax	By Hand Delivery: Copies of the Preliminary Report, Draft Amended Plan, and JPH Notice	October 12, 2005	Did not find Midpeninsula Open Space listed in TRA Book. Received call from County confirming that MPO is a taxing entity within Project Area. Hand delivered packet to MPO office.
	By Phone:	October 13, 2005	Talked to Margaret Reimche, Office Manager. She confirmed that she will deliver it to Craig Britton, General Manager. I left my name and number for him to call me if he has any questions.

NAME/ADDRESS/PHONE #	TYPE OF CONTACT	DATE/TIME	NOTES ON CONVERSATION
El Camino Hospital 2500 Grant Road Mountain View, CA 94040 800-216-5556 650-940-7300 Main Hospital	By Hand Delivery: Copies of the Preliminary Report, Draft Amended Plan, and JPH Notice	October 12, 2005	Did not find El Camino Hospital listed in TRA Book. Received call from County confirming that ECH is a taxing entity within Project Area. Hand delivered packet to ECH office.
	By Phone:	October 13, 2005	Talk with Pam Marshbank, Executive Assistant to CEO. She stated that CEO did not have any questions.